

Plastics

Winstones go to Southland

WINSTONE Plastics Ltd, the Palmerston North-based subsidiary of Winstone Ltd, has announced that it will begin manufacturing operations in Southland.

Production from the new plant, concentrated initially on the manufacture of the company's Novaflo and Novacoil range of high-density polyethylene underground drainage products, is scheduled to begin in October.

According to Winstone managing-director Brian Bamfield, the move is being made to meet the growing demand for Novaflo in the South Island, particularly in the Southland area.

He said Winstone had had problems in meeting this demand from its Palmerston North plant. Some months ago it conducted a feasibility study into expanding its manufacturing capabilities.

A close analysis of the situation indicated that a Southland-based manufacturing plant would provide benefits to farmers in the area who are heavily engaged in drainage problems.

He said that in addition to those benefits, the new plant would provide opportunities in the direct manufacturing operation and related activities.

The plant will enable the full range of Novaflo and Novacoil products which are manufactured in 65mm, 110mm and 160mm sizes, to be readily available in Otago and Southland. It will also service demand in the rest of the South Island, and free extra production from the company's Palmerston North operations for supply to North Island markets.

One effect that should immediately be noticed by Southland farmers will be a significant reduction in the price of drainage material, said Bamfield.

The effective freight saving that the locally manufactured product will have over delivery of Novaflo from the North Island will be passed on to the farmer contributing to a substantial saving over current ex-store prices.

The Southland area has a substantial amount of land drainage activity on a continuing basis. The new plant will be able to produce 14,000 metres of Novaflo and Novacoil daily.

Insulating panels

A BRITISH firm, represented here by ICI (NZ) Ltd, has perfected an automatic method of producing polyurethane-foam insulated building panels. It is offering its equipment and technical expertise to prospective clients.

Panel are made by high-pressure lance injection tech-

niques used for cladding and sheathing prefabricated buildings, cold rooms, doors and partitions, insulated containers and transport vehicles. The panels can be used with aluminium, plasterboard or plywood facing materials.

The process is based on a mixing head, only 28 mm wide, at the end of a manipulating lance which permits panels from 30 mm to 100 mm thick to be injected with the two-component plastics foam. A high-pressure metering unit dispenses accurate proportions of the chemicals to the mixing head to ensure a uniform cell structure throughout the insulation.

A heavy-duty multi-daylight press with temperature-controlled platens hold the panels in place during foam injection. Automatic indexing of the mixing-head lance ensures the foam is deposited evenly throughout a panel's length as the lance is gradually withdrawn.

The manufacturers state that more than 45 panels, 12m long and 1m wide can have a 60-mm layer of foam insulation applied to them in a normal eight hour shift — equivalent to an annual production of some 11,000 panels or 132,000 m².

Apart from supplying the complete production line — tables for pre-assembling the panels and lifting equipment for loading and unloading the press — the firm offers bulk storage equipment for the chemicals.

Trigon hits the road

HAMILTON-based Trigon Plastics Ltd is taking its latest developments in plastics packaging straight to the customers' door.

The company has commissioned a specially fitted caravan to travel the country visiting meat, fish and poultry processors and packers to promote its frost-free packaging concept.

The new skin-to-skin packaging technique has captured much interest and the company decided the easiest way to demonstrate it was to take it on tour.

The caravan will contain the Ampac Frost Free packaging machine developed by Trigon and Fabers Machinery Ltd of Auckland, and special 1-500 film for customer demonstrations.

"The object is to take the system directly to the processors, to package their own products in their own environment enabling them to see for themselves how the Frost-free packaging system performs," Trigon general manager Len Belz explained.

The name is derived from the film's ability to conform to the product shape, eliminating air entrapment which causes unsightly frost formation on the inside of a pack when it is frozen.

Belz said the system, the result of several years of research and development work, will shape packaging film to the exact configuration of the article that is being wrapped.

He maintained that meat, fish and poultry processors specially will be interested in the travelling display because of the cost effectiveness, improved product appearance and reliable product protection afforded by the system.

Another development by Trigon is a new purpose-designed film development and testing laboratory.

Located in the company's Hamilton headquarters, the new facility is already operational and much of the \$100,000 worth of sophisticated equipment it will accommodate is already in place.

In addition to vital testing facilities, equipment including machinery for frost-free packaging, vacuum-pouch packaging, automatic despatch packaging and machinery for form-fill-and-seal packaging.

Belz said the laboratory would enable Trigon to become more streamlined in developing and perfecting films to various packaging machine requirements over a wide range of applications.

"In the past, when we have been working on custom-made film, the method of use has been to take several prototype films to the client's machines and evaluate their performance *in situ*."

Belz said that with duplicate packaging machinery in the laboratory, however, considerable time was saved and there was no need to disrupt production flow-lines in clients' premises.

As well as offering assistance in the development of specialised packaging films for specific packaging needs — largely co-extrudates for overseas markets — the laboratory will provide improved quality control facilities for Trigon's standard range of films.

NEW ZEALAND'S NATIONAL WEEKLY OF BUSINESS, POLITICS AND ECONOMICS

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NATIONAL BUSINESS REVIEW

Aluminium fabricators fear price regime will cut exports

by Warren Berryman

EXPORTERS of manufactured aluminium products fear the new pricing regime for primary aluminium billets worked out between Comalco and the Trade and Industry Department will wipe out their price advantage and curtail exports.

From September 4, Comalco's primary aluminium will be sold to local manufacturers at the Alcan world prices. Formerly the price was set by 'Trade and Industry's' price stabilisation section.

But from Thursday primary aluminium will be released from import control. New Zealand manufacturers will be allowed to import their raw material.

Comalco has agreed to supply any legitimate local demand for aluminium in future. The word "legitimate" is understood to mean any local manufacturer intending to buy primary aluminium for further

value-added processing.

The new regime means a hefty price increase for local manufacturers.

The present New Zealand price is \$1610 a tonne delivered free into store by Comalco. The current Alcan world price is \$1795 a tonne c.i.f. Hong Kong or Rotterdam.

Comalco's marketing manager (smelting division), Merv Bennett, said that over the first nine years of Comalco's operations here, the New Zealand stabilised price had averaged out to within \$10 of the Alcan world price.

When electricity prices increased in 1977, Comalco increased its prices above world prices. But Comalco's prices now are well below world prices. This has given a price advantage to local manufacturers, resulting in increased exports.

Bennett said Comalco welcomed the new pricing regime. Comalco's smelter, running 24

hours a day, was not geared up to meet fluctuations in demand.

Manufacturers, running plants only eight hours a day, had the flexibility to increase throughput when their raw material prices here were below the world level, and to cut back production when local prices were above. This led to shortages of aluminium on the local market, Bennett pointed out.

Past shortages have killed export orders. One of the big three aluminium users, Alcan, had supply problems last year. (The other two big users are McKechie Brothers (NZ) Ltd and Comalco Extrusions, a 50/50 joint venture owned by Comalco and AHI).

Alcan general sales manager Ben Pester said his company exported 55 million worth of manufactured aluminium last year. The export figure would have been vastly increased but for Comalco cutting back on Alcan's allocation of alumin-

ium. When Comalco cut supply, Alcan lost export orders, Pester said.

Comalco's undertaking to supply local users with primary aluminium should be good news for local manufacturers like Alcan.

But the new price is another matter. Pester said manufacturers would find it difficult to export without a price advantage to offset New Zealand's freight disadvantage.

But the move to the world price for aluminium might be a blessing in disguise. Under the old regime, Comalco could justify price increases when the cost of electricity went up. It is likely that these price increases might have led to primary aluminium prices for local manufacturers soaring above world price levels.

The Alcan world price was chosen as the best barometer because Alcan is the world's largest supplier of primary aluminium. The London Me-

tals Exchange has been handling aluminium for about a year. But the volumes bought and sold there were not considered sufficient to be a basis for world prices.

There is also a spot market for aluminium. But prices there fluctuate with scarcities and gluts.

Local manufacturers will still have a slight price advantage over some of their worldwide competitors. Comalco will deliver aluminium anywhere in New Zealand free into store at world prices.

In other countries, Alcan prices are quoted on a c.i.f. basis to Hong Kong or Rotterdam. So the New Zealand buyer has Comalco paying its freight as part of the full price.

Comalco has half share of the smelter's output (about 75,000 tonnes of primary aluminium a year). The Japanese partners have the other half.

Of Comalco's share, about 30,000 tonnes is sold locally.

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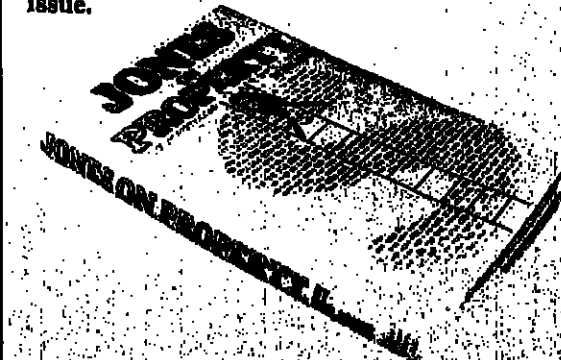
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Transport upheaval

REMOVING the 150 km road haulage protection for New Zealand Railways would slash its share of goods traffic by about 12 per cent, or \$49 million a year.

Another \$15 million would be lost in selective rate cutting to keep the rest.

The total loss to Railways would be \$64 million a year.

These are just some of the facts and figures in the Ministry of Transport's policy committee report to the Transport Advisory Council.

The report, due to go to Cabinet today was leaked to TVNZ's *EyeWitness* last week.

Railways lost \$89.4 million last year. But according to the report, if Railways did lose its protection, it could expect to make cost savings of about \$18 million within three to five years.

Most of the cost savings would involve labour reduc-

Continued on Page 5

Postal rates affect subs

INFLATION may have become a way of life for New Zealanders. But the extraordinarily high increases now facing publishers are likely to seriously threaten the survival of some publications.

The directors of *National Business Review* have attempted to minimise the subscription and advertising rate increase necessitated by large postal, paper and wage increases.

The subscription price of *NBR* will increase to \$30 from September 1. Advertising rate increases will be advised shortly. It has been suggested that the unprecedented 100 per cent increase in postal rates — effective from October 1 — is a direct assault on the freedom of the press. It is certainly true that it hits subscriber-based publications particularly severely; in the case of *National Business Review* there will be an immediate \$4.80 increase to the cost of servicing each subscriber.

It is essential to bring in the subscription increase immediately, as *NBR* will be carrying this cost for differing periods of time for most subscribers.

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The week

Support for Poles

THE Federation of Labour sent a telegram to Poland to express support of the Gdansk strikers' cause despite SUP ambivalence.

LABOUR Minister Jim Bolger said the FOL's hopes of winning wage settlements on an employers' ability-to-pay basis were not valid; the 13 per cent barrier would stick.

POLICE have started investigations into the controversial Marginal Lands Board application by Audrey and Jim Fitzgerald. Members of the commission of inquiry into the affair were announced (Dr Don Inglis QC, vice-president of the Law Society, Richard Bolt, Jack Loftus).

AIR New Zealand suffered a loss of \$16 million for the year to March 1980.

AN American trade hearing has challenged Delta Plastics' right to export plastic animal identification ear tags while receiving Government tax in-

centives. The results of the hearing may threaten New Zealand exports to the United States.

LABOUR Minister Jim Bolger's intervention brought the Wellington rug masters dispute to a speedy end.

SOUTH Island domestic electricity users hope to get 25 per cent cuts in the cost of electricity. Energy Minister Bill Birch did not reject the idea, but wouldn't promise anything.

FILM-MAKERS endorsed the Cinematograph Films Act Amendment Bill, which will delicense the industry.

WEEKEND petrol sales have been resumed.

THE Government plans to install a \$700,000 computer system to screen out restricted immigrants at major airports.

THE Arbitration Court ruled that the choice of introducing new technology lay with employers and was not something to be settled in court as an industrial matter.

THE Bubbling Springs salmon farm at Takaka aims to become the largest in the Southern Hemisphere. It will cost up to \$6 million and employ more than 100 people, pending the go-ahead from the Nelson Catchment Board.

DESCRIBING Labour's use of party logo stickers on cars as "smart alecky", Prime Minister Rob Muldoon said the Government should amend a clause in the Electoral Law to allow only party ribbons, streamers or rosettes to be displayed on vehicles.

THE inflation rate would not drop below 15 per cent according to Prime Minister Rob Muldoon. But he predicted that it will ease in the second half of the year and through next year.

SUBSIDIES to water authorities for water fluoridation were increased.

A 15,526-strong petition calling for a ban on farmland sales to foreigners was rejected by the Government.

THE DSIR set up an electronic database to hold all information

on scientific research. It hopes to link the system with an Australian base.

A JAPANESE manufacturer opted out of a wool deal because of delays caused by striking storemen and packers at Wiri woolstores. Shipments to other countries appear to be in jeopardy.

STRIKING storemen and packers resumed work at the Huntly power project. Public service labourers returned to work on a work-to-rule basis, demanding wage increases and extra holidays.

VALUES Party founder Tony Brunt is stepping down from his Wellington City Council seat after six years.

A LOAN of \$25 million was floated by the Dairy Board.

DIRECT negotiations began between strikers and Government in Poland. Earlier the Government sacked several senior ministers and promised trade union reforms.

IN South Africa several moderates were given key posts in a Cabinet reshuffle.

The business week

Acmil Ltd reported an unaudited tax-paid profit of \$18,667,000 for the year to June 30 (\$14,397,000 last year). A final dividend of 3.25c is payable on November 14.

Arnold & Wright Ltd will pay interim dividends of 5c and 6c on cumulative preference shares on August 31.

Baillie Farmers Motors Ltd reported an audited tax-paid profit of \$252,085 for the year to June 30. A final dividend of 1c is payable on October 13.

Brierleys Investments Ltd withdrew its take-over bid for James Aviation Ltd.

Challenge Corporation Ltd reported an unaudited tax-paid profit of \$22,477,000 for the year to June 30 (\$16,048,000 last year). A final dividend of 11 per cent is payable October 29.

G J Coles Ltd reported an unaudited tax-paid profit of \$51,479,000 for the year to July 28 (\$43,906,000 last year). A final dividend of 9.5c is payable on October 11.

Crown Consolidated Ltd reported an audited tax-paid profit of \$1,932,000 for the year to June 30 (\$1,642,000 last year). A final dividend of 8.5c is payable on October 28.

EZ Industries Ltd reported an unaudited tax-paid profit of \$A37,233,000 for the year to June 30 (\$A17,613,000 last year). A final dividend of 20 per cent is payable on October 31.

Humes Ltd reported an audited tax-paid profit of \$1,305,000 for the year to June 30 (\$1,155,000 last year). Final dividends of 3.75 per cent for preference shares and 9 per cent for ordinary shares are payable on September 10.

Salmond Industries Ltd will takeover E J Hyams & Son Ltd subject to the approval of the Examiner of Commercial Practices.

A J White Ltd reported an unaudited tax-paid profit of \$135,964 for the year to June 30 (\$122,147 last year). A final dividend of 7 per cent is payable on October 31.

Woolworths reported an unaudited consolidated operating profit of \$13,236,000 for the six months to July 30 (an increase of 29.17 per cent over same period last year). An interim dividend of 4.5 per cent is payable on October 31.

To benefit small shareholders of Carter Holt Holdings Ltd the Commerce Commission made it possible for shares bought by Customhouse Holdings Ltd and New Zealand United Corporation Ltd in Carter Holt to be registered in the name of the public trustee. At the company's annual meeting Carter directors were widely supported by shareholders in pushing against the Fletcher Holdings Ltd takeover bid.

A hearing looking into the distribution of funds from the sale of the Chateau Commodore Hotel was set for September 8.

The week ahead

MONDAY: Trade and Industry Minister Speers; New Zealand-Australian trade relations at an Australia-New Zealand Association meeting, Wellington.

TUESDAY: Lands and Education select committee looks at the Shop Trading Hours Amendment Bill.

Lands and Agriculture select committee looks at the Statutes Revision Committee report at the Waipara Computer Centre Amendment Bill.

WEDNESDAY: Local R2 select committee looks at the Racing Amendment Bill; the Urban Transport Bill.

THURSDAY: Prime Minister Rob Muldoon attends a biennial Commonwealth Heads of Government meeting in New Delhi.

New Zealand Producers' annual general meeting in Auckland.

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The week

Political opponent sparks Law Society inquiry

by Warren Berryman

WAITEMATA City Mayor and lawyer Ian McHardy is under investigation by the Auckland District Law Society after a complaint was laid by political opponent and Te Atatu Ratepayers Association chairman Ron Manuel.

The Law Society is inquiring into allegations that McHardy,

an officer of the court, bought a residential property with his former girlfriend in the names of George Ian Nixon and Barbara Pauline Nixon, and that when selling the property, he witnessed his own (Nixon's) signature.

Law Society sources said they saw little wrong in buying a property under an assumed name so long as there was no

intent to mislead or defraud. But they said it was not proper for a lawyer to witness his own or an assumed signature on a legal instrument filed in the Land Transfer Office.

The Law Society is concerned that the complaint might be politically motivated and that the alleged breach might have damaged no one financially.

The inquiry has drawn the interest of McHardy's political opponents, who have spent years trying to establish if his actions as mayor have conflicted with his private interests.

Also interested is McHardy's invalid ex-wife, Patricia, who has spent years trying to discover the extent of McHardy's assets to obtain a settlement under the Matrimonial Property Act.

Both Patricia McHardy and the political opposition have

been frustrated in their search when the trail led to lawyer's musts accounts to which they had no access.

Land Transfer Office files show that in 1974 a property near Henderson was transferred to George and Barbara Nixon. At that time McHardy was still living with Patricia.

McHardy's girlfriend of the time has written to the Auditor-General and supplied a sworn affidavit to Patricia McHardy to the effect that George and Barbara Nixon were in fact she and Ian McHardy.

The mortgage document on the property, signed by the Nixons, was witnessed by Ken Crane, a lawyer then working for McHardy's past legal firm, Davenport Buxton Gibson McHardy and Partners.

Crane said that as he remembered it, the Nixons came into his office separately.

Crane said he did not know them but he said he had no reason to believe they were other than what they claimed to be.

Crane said it was not McHardy who signed the document.

The transfer document recording the sale of the property in 1976 is signed G I Nixon and B P Nixon and witnessed by Ian McHardy (at least, the witness's signature reads I McHardy).

McHardy declined to comment when asked about the inquiry.

When NBR suggested it might be a political matter, he said: "Quite obviously, isn't it?"

He suggested "very strongly" that our reporter "sit on it for a few days."

The Waitemata City elections fall due in five weeks. The anti-McHardy in-

dependents are banding together to form a united front against McHardy and his "action team" for the elections.

Key issues revolve around McHardy's use of the city's money in projects in which he had or has an alleged vested interest. (NBR July 21 and July 28).

The city recently guaranteed a \$130,000 loan to the Redwood Park Country Club, after the club had been turned down four times by lending institutions for an unguaranteed loan. McHardy is a founder member and acted as lawyer for this exclusive club.

Rising city expenditure and rising rates are at the root of much of the opposition to McHardy.

McHardy has plans on the drawing board for a new city council building, a huge industrial park, and other projects.

New rules for spending

THE Cabinet has approved new methods for controlling Government spending. The new methods are being applied to the preparation for 1981-82 departmental budgets.

By and large they follow the procedures outlined by Associate Minister of Finance Derek Quigley in a speech last month (NBR, August 18).

The new methods aim to ensure that spending does not exceed a total settled on by the

Cabinet as desirable.

It involves setting a total cash limit and sectoral cash limits within that - and bringing ministers into the process so that they are encouraged to keep spending down rather than push it up.

They would be expected to decide on priorities within their spending limits. New programmes would have to be financed out of their limited allocations.

Apartheid splits workers

NO-ONE is talking about it. But NBR understands that anti-apartheid politics are splitting the Insurance Workers' Union.

Staid and conservative, the Insurance Workers' Union is not the sort of body one would expect to align itself with the demonstrators who broke up NZI's last annual general meeting. NZI and South British, both of which have ties with South Africa, are the union's biggest employers.

Sources say the union is interested in taking up space in the Labour Party's new building in Wellington. For the necessary funds, it seems the union went to NZI and South British after getting the cold

shoulder elsewhere.

Then came a union executive meeting in Wellington two weeks ago. No one will confirm or deny it, but about half the 11-man executive is said to have figured that taking money from firms that did business with South Africa was not on.

There was talk, too, about officials refusing to work in a union office financed by NZI and South British - something akin to a paid executive going on strike against its own union.

It seems the anti-NZI and South British contingent received support from the FOL. Conservative elements in the union are talking about severing ties with the FOL.

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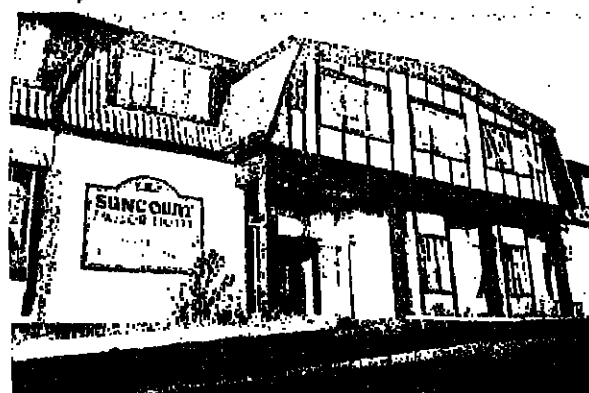
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The week

Ministry looks at freeing up road-rail competition

Continued from Page 1

To achieve profitability, Railways would need to concentrate operations where there is sufficient volume of traffic to justify continued operations and rigorously reduce costs, particularly through shedding of labour.

Railways capital would need to be restructured to ensure it was not placed in an unrecoverable financial position. This could mean a reduction in Railways' interest burden.

The report looks at alternative means of freeing up competition between road and rail.

- An extension of the 150 km limit to a higher figure;
- More commodity exemptions;
- The establishment of zonal systems;
- Alterations to the licensing criteria;
- An increase in the own-account weight limit;
- Relaxation of the one-third rule.

The report also examines factors distorting road-rail competition. Increases in

the Ministry of Transport policy committee's report to the Transport Advisory Council - criticising the country's transport system - makes these fundamental points:

- "The cost to operators of the present licensing system in management and legal time is about \$2 million a year. This money could be saved by removing the adversary system," the report said.
- "The revenue of the licensed road goods industry in New Zealand is estimated at \$690 million a year."
- "Leaving aside the historical reasons for protecting rail as a public investment and to protect the railways racing structure, the only economic justification for protecting rail is that traffic allocations result in a lower cost to society than with freedom of modal choice."
- "There are strong economic arguments for taking corrective measures to ensure that prices do reflect costs through fiscal means rather than by imposing blanket restrictions."
- "The important consideration is that, under competition, Railways will be forced to adjust to either meet the needs of the user with technological improvements or to abandon the carriage of the traffic to the cheaper modes."
- "So long as the remaining traffic covers the direct costs in both the short and long term and there is a net benefit to the community, then the service should be continued. The financing of the service is a separate question but should not be forced upon particular

road-user charges were doing little more than keeping pace with the increased Railways budget, the report said.

"The increase required for typical road transport vehicles operating at maximum axle

weights is well in excess of 40 per cent," it said.

The report looked at Railways freedom from sales tax and Customs duty, the Government direction of Railways, investment allowances

traffics which would otherwise be lost to road. Railways are of course able to reduce the rates provided they are above direct operating costs in order to retain the traffic."

• "The provision of uneconomic (usually passenger) social services is an invalid economic argument for rail protection... the use of artificially high rail rates on protected traffic to finance social services results in the same misallocation of resources associated with the differential rating policy... nevertheless Rail protection has been used as an instrument of public finance and income redistribution."

• "There is no economic justification (for railways) to soak up the unemployed during recessions. This policy is counter-productive because in a recession there is usually a downturn in freight with less work for existing staff..."

• "The following branch lines are loss-making: Okaihau-Whangarei, Dargaville, Thames, Cambridge, Napier-Gisborne, West Coast, Otago Central, Kingston-Lumsden and Mossburn-Makarewa. Some of these branch lines are retained not only for social reasons but also in anticipation of future use as particular development comes on stream."

• "If Railways were fully re-imposed on a commercial basis for their social services their revenue for the 1978-79 year would have increased by about \$60 million, thus reducing the rail loss from \$70 million to \$10 million (which could be regarded as the non-social freight services)."

on road transport vehicles, concessional interest rate loans to Railways. It also considered social and environmental costs.

"A more efficient way of reducing social costs may be direct intervention to require vehicles to meet certain standards," the report said.

It contains some harsh criticism of the licensing system and quotes overseas experience with quantitative controls.

The long-term effect of removing quantity controls in New Zealand, the report said, would be cost reductions of between 7 and 15 per cent, or \$50 to \$100 million a year.

Quality licensing is stated as making two contributions:

- Allowing a person who can provide certain business skills to operate a transport business;
- Precluding those who are more likely to work outside the law.

It is certain that a major restructuring of Railway finances and operations will take place.

Rail protection will be relaxed - probably by extending the list of exempt goods (goods that can be carried by truck without reference to railways' protection measures) and by establishing zonal systems.

Massive layoffs of staff are probably not politically acceptable. But elements of "quality" licensing may be adopted.

Ultra-modern ski lodges: AHI quiet about Turoa land development

by Gordon McLauchlan

JOHN David Robinson, former director and shareholder in the Robinson and Rezier companies, is trying to buy land from AHI for development in association with the Turoa Skifield, near Ohakuni.

Robinson and Rezier Associates Ltd, former publishers of *City Girl*, came to the public's notice through the *Jackland Star's* Mr Asia drug series. Co-director with Robinson was Harry Lewis, who was murdered allegedly by the drug syndicate.

Robinson and his wife, Julia, are forming a company called

Are-Horn Holdings Ltd, specifically to build ultra-modern ski lodges.

They already have saleswoman Linda Gibson in the field. But Robinson agrees the land has not been bought, nor is the subdivision approved. The company is still in the process of registration.

AHI refused to comment on the Are-Horn Holdings purchase, but it is understood the deal is at an advanced stage.

About 10 developers are buying or have bought land on the 20 hectares AHI have set aside for accommodation development.

Robinson and Rezier As-

sociates Ltd, went into liquidation last year. Robinson was also a director and shareholder of Robinson Rezier Associates Australia Ltd, but resigned his directorship in October last year.

The financial affairs of both companies and several of the directors are being investigated by the Inland Revenue Department.

Robinson's fellow directors

Murfit revolve around Louise Eve Rezier, George Papacostantinou and Harry Lewis, whose landless body was found in a shallow grave in Australia and whose death has been publicly associated with the Mr Asia drug ring.

Another director was Auckland lawyer John Murfit, who is facing three charges of forgery, two of uttering forged documents, and one of making a false declaration.

A deposition hearing was held in Auckland District Court last month. Murfit formerly acted for Marty Johnson, also known as Mr Asia. The present charges against

Murfit have appeared in a deposition hearing in the Auckland District Court to face three charges of forging documents, two of uttering, and one of making a false declaration.

The charges result from the laying of a complaint with the Auckland District Law Society, which was followed by a search of Murfit's house and the seizure of documents under a warrant issued under the Law Practitioners Act.

The Law Society has temporarily suspended Murfit from practice. The charges against him revolve around a \$4000 mortgage document and financial transactions relating to Te Totara Farms Ltd, in which Murfit and some of his relatives have an interest. (NBR, June 2).

Te Totara Farm manager Brian Smith, when shown a mortgage document on a property that he and his wife had owned, claimed the signature on the document were neither his nor his wife's.

In cross-examination, Smith said Murfit produced figures early this year, claiming he had contributed \$207,000 to Te Totara Farms Ltd. The report was passed on to another accountant, who reduced this sum to about \$10,000, he said.

Murfit's lawyer, Paul Cavanagh, asked if the figures produced by Murfit had been prepared by Kendon, Mills, Muldoon and Brown. Smith said "Right".

The hearing was adjourned until October 2.

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INCOME TAX PAYMENT DATES FOR COMPANIES

Companies with early 1980 balance dates are required to pay terminal tax as follows:

Balance Date	Terminal Tax Due Date	Last Day
October	7 September 1980	7 October 1980
November	7 October 1980	7 November 1980
December	7 November 1980	7 December 1980
January	7 December 1980	7 January 1981
February	7 January 1981	7 February 1981
All other balance dates	7 February 1981	7 March 1981

- NOTE:
- Where a 1980 return has been filed and a statement received, payment should be made by the due date.
 - Where a 1980 return has been filed but NO statement received, payment should still be made by the due date.
 - Where a 1980 return has NOT been filed, payment of the estimated amount of income tax should be made.
 - Any income tax remaining unpaid after the last day will be subject to 10% additional tax.
 - You may pay your tax at any Inland Revenue District Office.



This notice is issued by the Commissioner of Inland Revenue pursuant to section 99(2A) of the Income Tax Act 1976.

Comment

Editorial

THE USSR-aligned Socialist Unity Party faction of the trade union movement is placed Poles apart — if you'll excuse the expression — from its comrades on the question of striking workers in far-off Gdansk. And the contortions of the self-confessed Communist trade union leaders left the public bemused — if not downright confused — about the precise nature of Federation of Labour policies towards worker uprisings behind the Iron Curtain.

SUP Leaders Bill Andersen and Ken Douglas certainly were in something of a dilemma as they tried to reconcile a dogmatic adherence to Soviet-style Communism with a Polish cause that inevitably won sympathy from the great bulk of the trade union movement in New Zealand.

Andersen essentially stuck to a statement opposing anti-socialist strikers in socialist countries. He didn't think the question of Soviet-armed intervention would arise, but if that became necessary, then the strikers must be anti-socialist and the SUP would support the Polish Government if it asked Russia to step in.

Whatever Douglas might now say is his position, it has shifted from his stance when a group of Polish New Zealanders called on him on Friday, August 22, to seek FOI support for the Polish strikers. In his view, he said then, conditions in Poland were not repressive; rather, "Polish workers do not live under the same type of repressive regime as exists in this country" (but he hadn't been to Poland, and whatever the Muldoon

Government might have done to undermine workers' rights, it's a far cry from the brutal suppression of strikes in Poland 10 years ago).

Douglas gave the Polish delegation what the press described as a cool reception. The sentiments they expressed "seemed aimed at being anti-Communist and anti-Polish Government", he pointed out, and the Poles in this country "tended to destroy their credibility" by releasing details of their appeal to the FOI to the news media.

Labour Party president Jim Anderson was quick to condemn the initial statements by Andersen and Douglas, and pledged whatever support the Labour Party could give to the Polish workers and their trade union leaders. The Socialist Action League also criticised the SUP, saying the Polish workers were fighting for democracy within a socialist society — just what the SAL was fighting for in New Zealand. Meatworkers Union secretary Blue Kennedy warned that trade unions faced "intervention from anywhere" if they failed to support Polish strikers. Electrical Workers Union secretary Tony Neary wanted to know how Andersen and Douglas could seriously defend workers and trade unionists against attacks from the Government while supporting "blatant attacks by the state on Polish workers".

But all that criticism had been unnecessary, Douglas then declared. The FOI had sorted out the matter on the Friday, he insisted. In what was a clear piece of backtracking, he said he had expressed his personal support for the Polish strike to the New Zealand Polish delegation, and that the FOI had acted immediately in sending a telegram to Poland and a letter to the Polish Embassy. That raised other questions of credibility. Douglas said the cable had been despatched to Poland on the Friday. Knox said it left Wellington last Monday.

No cable was mentioned by Knox the day after the Polish Association had called for FOI support. Nor did he mention messages having been sent out in his name. Neary wanted to see the telegram, which in fact had gone to the Central Council of the Polish Trade Unions, the state organisation from which the strikers are seeking independence.

Knox, of course, had dallied in sorting out the tangle of statements, personal attitudes and conflicting loyalties that clouded the FOI's position. Dealing with Neary, he adopted the hellebrand tactic commonly employed by Prime Minister Rob Muldoon. Neary was trying to split the trade union movement and had direct support from an outside country "which is anti-Communist as he is" in his efforts to "take the strength out of the FOI", he stated. He did make clear that — as president of the FOI, he would offer "full support to workers of any country who are struggling to improve living standards and their right to have freedom to oppose any Government which is threatening to take away those rights and freedoms." But he rejected Neary's call for the FOI national executive to consider the Polish workers issue immediately; he would wait

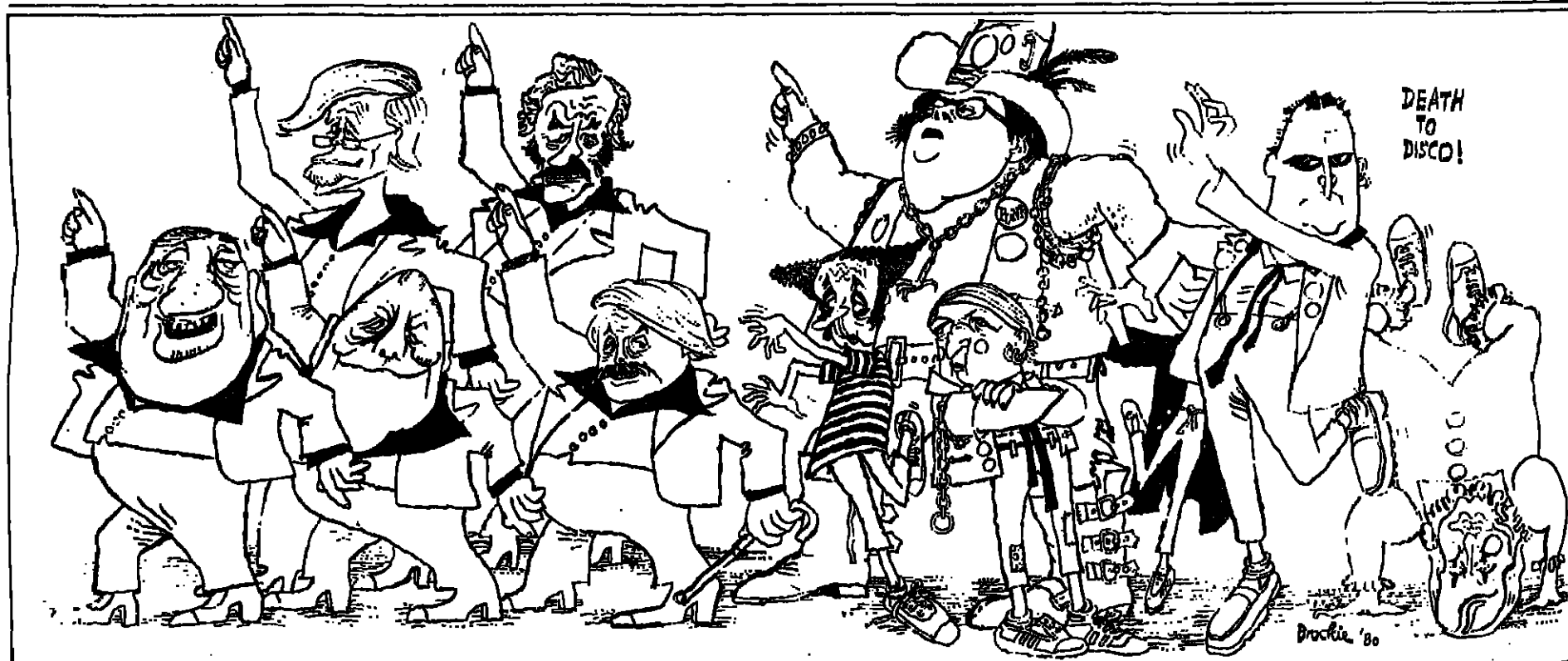
for a planned meeting on September 8. In Poland, meanwhile, the Gdansk Government was treading more cautiously than the Gomułka Government had done in cracking down on the strikers 10 years ago. While delicately moving to allow more individual freedoms in response to the Gdansk strike action, it must remember how in Warsaw Pact partners, under the dominance of the Soviet Union, reacted to liberalising trends in Czechoslovakia and Hungary.

The Polish workers who are the thorn in Gdansk's side fundamentally seek liberties that are taken for granted in the West. Among the strikers' demands are free trade unions and leaders selected by secret democratic vote. These sort of demands inspired the FOI to respond to calls to express opposition to the Chilean Government by slapping a ban on trade with that country.

The Poles want no trade ban. They do want moral support. The Australian Council of Trade Unions unanimously passed a motion announcing its support the same day the Douglas apparently was giving his Polish visitors the brush-off. Socialist leaders in southern Europe have expressed solidarity with their Polish brothers. The union movement has always had its left-right schisms, and the Polish issue is certainly serving to polarise them. But the FOI's tardiness in resolving its differences determining its exact position looks like giving it the same stamp of stubborn eccentricity on the Polish issue as the Chilean trade boycott.

— Bob Edlin

Brockie's view



Without word of a lie

Air N Z given lift with more shares

AIR New Zealand, quick to defend its right to apply private enterprise principles to setting fares, has flown to the Government's pocket as soon as it hit financial trouble.

A day or two before the airline announced a \$15.6 million dollar operating loss for the last financial year, the Government slipped a clause into a Finance Bill validating the acquisition of 8 million 52 shares in the airline.

The Government paid for the shares on July 22, more than a month earlier. And the \$16 million handout — which, coincidentally almost matches the operating loss — exceeds the dividends the Government has received as the sole shareholder

of Air New Zealand and NAC for the last four years.

Keeping T and I staff informed

NBR can claim a good share of the responsibility for provoking the Ombudsman's inquiry into the La Varis affair, which in turn led to the three trials recently of former Trade and Industry Assistant Director Brian Pound.

What we did not appreciate at the time of our La Varis probe was that we were keeping important licensing offices up to date with reorganisations of the creaking system they were administering.

Giving evidence in Pound's defence, Trade and Industry executive officer (special duties), Peter Garford, who was in import licensing at the time,

of Air New Zealand and NAC for the last four years. told how he learned of changes in the system. "I think it came out in an article in *National Business Review*, that's where I first read it, some time round about the La Varis case I think it was."

Great Scott! Some agree with Rob

SATIRIST Tom Scott didn't get 100 per cent support from fellow journalists during his recent contretemps with the PM over that oh-so-delicate official visit to China and India.

When his Parliamentary Press Gallery colleagues met to decide on an appropriate response to Muldoon's blacklisting of the *Listener* columnist, *Auckland Star* political reporters moved that

the Prime Minister's declaration be noted and no further action be taken. And during the discussion, a certain antagonism towards Scott expressed.

As one of the fourth estate so nobly exposed, you've scorned us in the past, so why should we help you now? (a clear expression of irritation that Scott should be ungracious enough to mention in his column certain goings-on that Parliamentary journalists would prefer had remained under wraps).

In the upshot, the Gallery adopted a motion deploring the PM's attitude and asking him to revoke his decision. But the attitude of the *Auckland Star* reporters perhaps explains Muldoon's statement that there were a number of Gallery journalists who agreed with him that Scott should remain safely at home.

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Peter V. O'Brien

Auckland Bureau:
Warren Berryman

Advertising Sales:
Manager: Paul A.C.S. Loh

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Comment

Emasculating ALAC — mystery knife job by Govt

by John Gamby

THE savage financial cutback imposed on the Alcohol Liquor Advisory Council last May was widely reported amid expressions of concern from the press, from treatment agencies, from industry and from the liquor trade itself.

Some newspapers readily carried an unobtrusive statement that a small portion of the money denied the council is to be released after all. This sum is tied to funding the work of the National Society on Alcoholism and Drug Addiction and the Salvation Army — and it is being given after protracted negotiation.

The specification of these two bodies may provide a clue to a mystery that has puzzled some friends of the council.

ALAC was set up as a statutory body in March 1977. Its task is to encourage moderation in alcohol use by:

- Providing educational material in the schools and media;
- Providing consultation to industry on such issues as alcohol-induced absenteeism;
- Fostering more effective and integrated treatment systems;
- Assisting voluntary agencies, including church-based ones.

Its income is derived from a levy on the liquor industry which is permitted to pass this on to the consumer. Initially the levy was set at 18c per litre of beer, which is about 1c for every 7½ bottles of beer sold. There were similarly tiny levies on wine and spirits.

In theory, this provides ALAC with an independent income tied to drinking rates.

There are urgent reasons to encourage altered drinking patterns:

- DSIR findings that 50 per cent of victims of fatal road accidents have high blood alcohol levels;
- Moderately well-substantiated claims that one in six hospital admissions are alcohol-generated;
- Large numbers of convictions for drunken driving;
- Frequent implication of alcohol in cases of rape, incest, child abuse, spouse abuse, let alone property offences.

The fact is that alcohol abuse contributes greatly to pressure on our overloaded health service and law courts.

We could argue that all this stems from the wickedness of drinking individuals. But there are strong vested interests which favour perpetuating this "self-induced" pattern of harms.

The first is the liquor trade, long the target of temperance groups, churches, hapless spouses and eager socialists. The second — and biggest — is the Government.

Government's takeoff in indirect tax on liquor sales is a cool \$225 million each year. It is well known that the Government, already desperate for cash to fund an insatiable superannuation scheme as well as industrial development, is under pressure to reduce personal income tax. Indirect tax income must be sustained if that is to be done.

It is also well known that ALAC is just beginning to get into its stride as a preventive agency. Until now it has tended to underspend its budget (as can be seen in the table below).

Estimated Need	1977/78	1978/79	1979/80
Expenditure	\$1.4m	\$1.5m	\$1.8m
	\$0.692m	\$1.382m	\$1.827m

On January 30, the council applied for a budget of \$2.3 million for the 1980/81 year "to meet a widening range of activities, particularly in the critical prevention fields, and to sustain ongoing programmes and the demands of inflation".

It was known to all that the liquor levy mentioned above had yielded richly because of a miscalculation somewhere in the Customs pipeline. The proposed budget would have left very adequate reserves.

Something happened. The consultation process which normally takes place in determining the spending of statutory bodies was bypassed.

An arbitrary decision was made by Prime Minister Rob Muldoon to reduce total ALAC income for 1980/81 to \$1.5 million.

The levy does not come from the public purse, but directly from the pockets of drinkers. Thus such a reduction does not make sense as a Government cost-cutting measure.

Further, in a time of stringency few publicly-funded agencies will have taken a paper money cut of 17 per cent before inflation (total cut 30 per cent).

Why then has such a grant — apparently of no interest to a Minister of Finance — been savagely pruned?

It might have been said that the decision was taken in haste. But Muldoon, after further representations from ALAC, declined to reconsider.

So we must assume he acted after careful weighing of the issues. What might these be? One possibility is that ALAC has offended him. If this is so, the grudge must be personal and private, because he has never aired it.

In any case, ALAC is circumspect in its work and goes to some lengths to offend few, as far as outsiders can tell.

Much more likely (and highly discreditable) is that the Government is resolved to maintain its

\$225 million tax take. If this is the reason, then it's a short-sighted policy, given the losses in life, health and wellbeing listed above. If alcohol abuse costs one-sixth of the Health vote alone, that \$225 million is expensive money.

ALAC's proposed budget, at 1 per cent of this, is pin money.

Evidently the Government has a healthy respect for the danger which a co-ordinated attack on liquor abuse represents to its income.

At any rate it is clear that Muldoon has taken steps to ensure that ALAC cannot develop as an independent statutory body. The liquor levy has been cut by two-thirds, its direct contravention of earlier firm commitments by the Government.

The money thus released goes back to the liquor trade, while the levy stands at about 1c for every 20 bottles of beer. It is unlikely that the bottle-scarred crops of veterans who rally round to keep ALAC in funds can step up their jug rate to ensure the council adequate reserves for future work.

It seems that, from now on, if ALAC is to expand its work it must dip into the public purse and compete with demands from Health, Social Welfare, Police and Justice Department, whose demands it is intended to reduce.

Justice Minister Jim McLay has announced that a small part of the money denied the council is to be released — specifically for the National Society on Alcoholism and Drug Abuse and for the Salvation Army.

These agencies have always been strongly oriented toward a chronic alcohol abuse — that is,

toward care of the heavily drug-dependent, the ill and the destitute.

What McLay doesn't say is that extra money is to be denied educational and preventive programmes, to industrial programmes, to hospital-based (first line) assessment centres, and to urgently-required research into alcohol use and abuse.

It's a case of more money for sorting out the shambles at the bottom of the cliff, less for building fences at the top. What is the Government's rationale for this choice of priorities?

Why has this Government declared war on its own enlightened legislation? Why has Muldoon intervened to reduce this statutory body to petitioner level? Why have McLay and other ministers withdrawn support from ALAC's preventive role and concealed the real intention of their cuts? Why has the State assumed direction of ALAC's policy?

If the Government is trying to protect its indirect tax income, its Ministers would be advised to consider the social costs of such a manoeuvre.

If that is not the reason, then we are entitled to expect that the Government makes its reason known.

John Gamby is senior lecturer in clinical and community psychology at Victoria University of Wellington.

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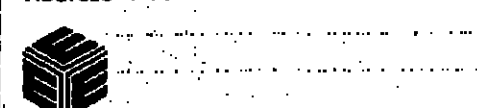
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Letters

The veil stays in meantime

IN terms of the policy of freedom of information which your paper pursues, I request that you furnish, in your paper, the name of your Economics Correspondent and that in future his or her articles be signed, as is the case with your other contributors.

J V White
Wellington

THE great unveiling will take place when we are confident that our objective — the discussion and debate of the issues raised in the economics column — will not degenerate into a personality clobbering. While our emphasis is on those issues and discussion of the questions raised, we consider the author's identity immaterial. — Editor.

Hauraki not eligible

IN his article How Radio Hauraki could have outrun TVNZ (NBR, August 4), Warren Berryman uncritically followed the line a vested interest fed him.

This "acceptance journalism" is unhelpful generally, and in this instance overlooked several crucial points. The most important one of all was that Radio Hauraki has never been eligible under IOC rules to cover the Olympics by television. Such rights can be secured

only by a national television organisation and this fact has already been acknowledged by Mr Wall.

Hauraki has a track record in radio. It may have been more rewarding for readers had your writer examined their performance in this area, where they had broadcast rights for games coverage, and compared it with the Broadcasting Corporation's radio coverage. In the process perhaps Radio Hauraki's performance in recent years in news and sports reporting may have been touched upon in the light of the Broadcasting Tribunal's recent assessment.

The Broadcasting Corporation can't be held responsible for the Olympic boycott, nor for the withdrawal from the Asian and Pacific Broadcasting arrangements of most member nations because of the boycott. Charles Martin
Public affairs manager
BCNZ

WE push nobody's barrow. Some of Hauraki's management haven't talked to NBR reporters for two years because of some of our stories.

Our point was that if TVNZ had co-operated with Hauraki, coverage of the Olympics probably would have been better than it was. Hauraki has correspondence from the IOC stating it was happy to deal with Hauraki and Channel 7.

Hauraki's proposal was to use the BCNZ's facilities, which are both Government owned and capable of providing national coverage.

rage. The BCNZ declined the Hauraki proposal. If it had been a case of either Hauraki or TVNZ, the OIC and APBU undoubtedly would have opted for TVNZ.

Hauraki's radio coverage of the Olympics and its general news coverage (or lack of it) was irrelevant to the thrust of our article. In line with our usual practice, we did not accept Hauraki's line or its PR handout. We checked with Hauraki, Radio Pacific, and those at TVNZ in the front line on Olympic coverage. — Editor.

Availing selves to media

I WAS intrigued by John Mullinder's story (NBR August 4) on the saga of automotive parts being imported into New Zealand through a double mistake: a mistaken price offered in Australia, followed up by a Ministry of

Trade and Industry mistake in granting an import licence.

Since Eric White Associates' name was mentioned in an allegedly "curious" association, I want to set straight the record about our involvement: Repco New Zealand Ltd are our clients. Repco were told by Warren Smith that he had been interviewed "for an Eyewitness programme". On Repco's behalf we telephoned Eyewitness to say that a Repco representative — a management representative, not myself, and not any other public relations person — would be happy to be interviewed on the programme if Eyewitness wanted a Repco point of view.

There was nothing "curious" about such a call. Our advice to almost any client is to make themselves available to the media when any inquiry focuses on their business. This is particularly so when the client — in this case Repco — has a perfectly straight-forward and valid answer to any potential criticism.

If such a call is "curious", as

John Mullinder says, what are other public relations consultants advising their clients to do in similar circumstances? Hide? I don't believe it.

David Exel
Eric White Associates
Wellington

Conference carrying

I READ with interest the article prepared by John Draper on the ABC Line (NBR, July 21).

It stated that having shipped more than half the wool put up to open tender by the Australian Wool Corporation, ABC has come out the clear winner against the conference lines by offering rates which are understood to be at least 20 per cent below normal to Europe.

What is not mentioned is that the Australian/Europe Conference is carrying half the wool put up to tender. The actual quantities moving are 21,687 bales for ABC and 22,251 for

the Conference, on current AWC estimates.

J L Davies
Deputy chairman and
managing director
Seabridge Australia Pty Ltd
Sydney

Promotion was the objective

SIR, I WOULD like to correct two errors in your article on the Conference News (NBR, August 18).

The magazine did not pay for itself in advertising revenue, — but the major reason for publishing it was to promote our own directory.

The \$300 surplus over the print bill (\$1200) is to cover typesetting of an extra 24 pages of copy and to do paste-up of the 40 pages.

Jason Publishing Co Ltd
JD Sandford
Publisher

Politics

"Communism is the best thing to campaign on"

by Colin James

THE Security Intelligence Service has discovered the Socialist Action League is infiltrating the Labour Party.

That shows at least that at least some SIS personnel can read. There in black and white, month after month, in its publication, *Socialist Action*, the league has proclaimed its support for the Labour Party.

Nodoubt, reading all the material in that paper about overseas events, the SIS has concluded that it is part of some horrendous international conspiracy that is about to bring to its knees not just the Labour Party but the entire country.

I presume we are now expected to believe that Keith Locke, George Fyson and the band of 200 really secretly control whizzkid Jim Anderton and his lefty intellectual mates. Quake in your shoes.

Because of this hold, no doubt, the Labour Party is secretly plotting to nationalise AHI, Forest Products, Kentucky Fried Chicken and even the Bank of New Zealand and Petrocorp.

Let that lot in power and next thing they will be trying to stop journalists attending international conferences in case they do not write about it in an "appropriate" way.

They may even start raiding the SIS's files for names to read out of Friends of Rhodesia who have infiltrated the National Party and thus threaten to subvert society as we know it.

And such readings, as we all know, would be a disgusting thing to do because people are entitled to their point of view and should be able to peacefully propagate it in the marketplace of ideas, no matter how



Bruce Beetham ... will not succumb.

ridiculous or "wrong" we think it.

For do we not all, like all liberals in the National Party, endorse those lofty ideals of John Stuart Mill? To wit: "If all mankind minus one were of one

opinion, mankind would be no more justified in silencing that one person than he, if he had the power, would be justified in silencing mankind."

(Shades of the anti-censorship ambitions of the striking Polish workers which we have all been in favour of, haven't we?)

Back to Mill: "We can never be sure that the opinion we are endeavouring to stifle is a false opinion; and if we were sure, stifling it would be an evil still."

We might all agree that we should stop Socialist Action Leaguists from blowing up the Beehive or forcibly taking over the radio stations.

But do we also believe that we should pillory them, try to stop them expressing opinions?

Of course we don't. No more than we believe that we should pillory and silence the leaguists from the other end of the poli-

tical spectrum — the League of Rights, the far-right group which has periodically moved in on the Social Credit Political League.

We know that, whatever the Labour Party's new breed grubbly half-insinuates in its election propaganda, Bruce Beetham and Co are not antisemites (though some of their predecessors of 25 years ago may have been thought to have had tendencies that way with their conspiracy theories about the Money Power).

Nor are Beetham and the modern Sacred party about to succumb to the machinations of a handful of latter-day misfits.

And, if we stop to think, we know that there is no danger of the Labour Party falling into the hands of the Socialist Action League.

There simply are not enough of them. And they are not in key positions.

Policymaking is effectively in the hands of the MPs. And not only are none of the MPs SAL members or sympathisers, but there is no prospect of the SAL raking up enough Labour Party memberships either to supplant any of the MPs with their own alumni in candidate selections, or to put them under pressure.

And even if there was, the New Zealand Labour Party (unlike, perhaps, its British counterpart) has shown considerable skill in dislodging dissenters.

Remember Peter Fraser's rough-house purge of John A Lee in 1940. Recall Bill Rowling's rooting out of leftists in 1972. Tolerance in the Labour Party goes only so far.

So Labour does not really need help from the SIS. It is quite capable of suppressing unacceptable sorts of free speech on its own.

So what was the Prime Minister on about?

He was kicking up dust. Once I used wrongly to think that when he kicked up dust it was to occlude some other activity he would rather the public did not focus on. Diversionary tactics, that is called.

A senior union leader confessed to me a couple of weeks ago that he had always thought the Prime Minister did everything according to some long-term plan.

But after years of mystified searches for signs of fating apparently contradictory behaviour into a plan, the unionist has at last concluded there is no plan.

In other words, he has recognised along with the rest of us that when the Prime Minister kicks up dust he is kicking up dust.

His aim is nothing more than to put enough of it in the air so that some hangs around it.

The aim in this case: to leave "conspiratorial-extreme-left" dust hanging over the Labour Party. The taint, once removed, of communism.

Given the tendency of extreme left movements to split and splinter, there will be many opportunities for him to kick up more dust before November, next year.

There is a passage in Hugh Lunn's thoroughly readable biography (*John*, by Hugh Lunn, Sun Books Melbourne) of the Queensland Premier, Joh Bjelke-Petersen, a man whose political style has many similarities with that of our own Prime Minister. It goes:

"He based his successful election campaigns on anti-communist speeches, almost ignoring such things as unemployment and high inflation. 'I have always found communism is the best thing to campaign on,' he once said."

Joh has been in power 12 years. Who is to say that he has got it wrong?

One for the liberal cause

by Colin James

I HAVE unearthed one MP who disapproves of the Prime Minister trying to get accreditation to the New Delhi Commonwealth meeting denied to Tom Scott. That is Marilyn Waring.

I put to a number of rebutted "liberals" in National ranks the following question: "On the record, do you approve of the Prime Minister's attempt to have Tom Scott barred from accreditation to the Commonwealth conference?"

(That is not barred from the Prime Minister's own official party, but barred by conference authorities from covering the conference as a private journalist.)

Answers: Waring: "No." Mike Minogue: "You take the good with the bad in journalism. If you think you are going to have journalists the way you want them, you are making a big mistake. The idea of a tame core of journalists is fanciful."

"It is not for me to approve or disapprove."

Ian Shearer: "Yes. Judging by Mr Scott's most recent effort in the *Listener* I would think the Prime Minister is fully justified in denying Mr Scott accreditation."

George Gair: "No comment." Barry Brill: "No comment."



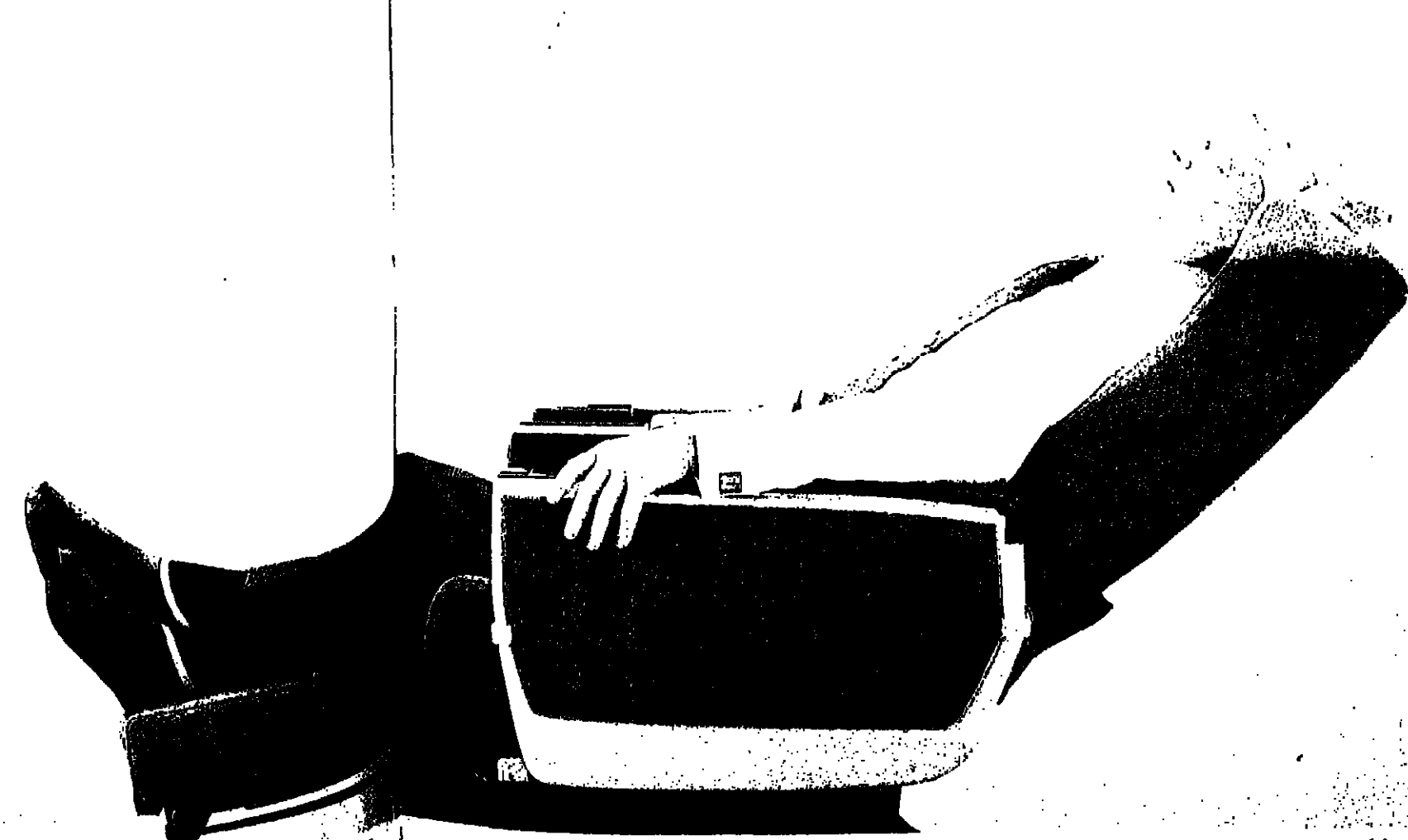
Marilyn Waring ... "no".

Paul East: "No comment." Jim McLay: "The decision is entirely for him (the Prime Minister) to make. The same would apply to any minister — it would be up to him to make the decision in regard to the nature of the trip or the conference concerned."

"I would add that the first thing I read in the *Listener* is Tom Scott's column."

Geoff Thompson: "I accept that his type of satirical journalism has no place in that conference as an official report. But I don't necessarily think he should be prevented from writing in a non-officially-endorsed, private capacity."

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You'll be delighted to discover the joy of what we call 'Swiss Class'.

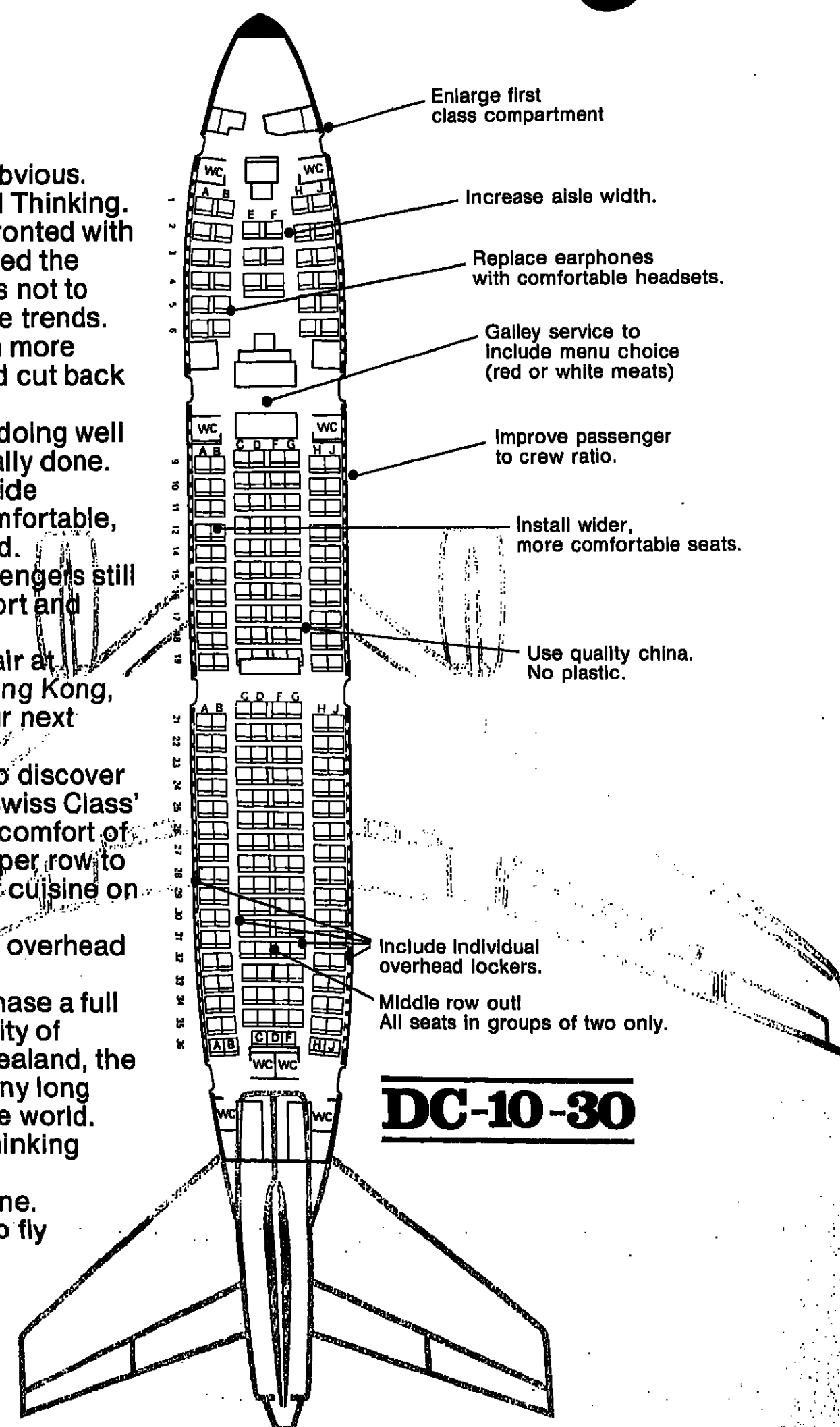
Everything from the comfort of flying with one less seat per row to being served a choice of cuisine on china plates.

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And when you purchase a full fare ticket, the opportunity of reserving here in New Zealand, the seat of your choice on any long haul Swissair flight in the world.

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Economics

Budget-conscious Govt cuts investment spending

Economics Correspondent

WITH unemployment approaching 60,000, the country needs more investment to generate jobs, reduce the impact of fluctuations in overseas prices on our market and promote growth in the economy.

But despite the economy's thirst for more investment, spending on new capital works continues to fall.

When the economy is sick with slow growth malaise, as it has been for more than five years, businesspeople are reluctant to invest. After a number of years of decline, some firms are completely winding down their investment activities.

Central government can offset falls in private sector investment during periods of economic downturn. Yet evidence published recently by the Ministry of Works and Development shows that this Government is following the trend set in the private sector, reducing its capital works spending.

In March year 1980, the Government spent \$615 million on its works programme expenditure. This is \$50 million less than it spent the year before. The absolute fall in spending is substantial, but the fall is even more dramatic when rises in the costs of investment materials are considered.

The volume of the Government's investment spending fell by about 16 per cent during March year 1980. There is some justification for this decline. With falling school rolls, we may not need so many new schools.

But there were dramatic falls in Government investment in roads, railways, public buildings and the development of natural resources. The Government's investment for housing construction fell from nearly \$50 million to just over \$43 million.

And central government's capital spending is unlikely to be much higher this year. The amount appropriated for works programme expenditure is \$618 million, only \$3 million more than was spent last year. If inflation continues at about the present rate, spending at this level will result in a fall in the volume of investment (the number of buildings, roads and so on put in place) of about 15 per cent.

By the end of June, only 20 per cent of the \$618 million appropriated by Government for this year's capital works had been spent.

The largest falls in the Government's investment spending are occurring in the electric supply industry. In 1978-79, \$282 million was spent on investment for electric supply. By 1979-80, investment in this industry had fallen to \$242 million and is expected to reduce to \$228 million this year.

Capital works spending provides one of the main areas of discretionary expenditure for the Government. When economic activity declines and the private sector shows a reluctance to invest despite rising unemployment, the Government may smooth out the effects of economic decline by increasing its own job-generating investment expenditure.

Trouble is, when general economic activity declines, the

Government Investment Continues to Fall			
March year	Government works programme (\$m)	Gross Domestic Product (\$m)	Percentage Government works is of GDP (%)
1971-72	237	6888	3.4
1972-73	299	7932	3.8
1973-74	301	9184	3.3
1974-75	443	10,086	4.4
1975-76	603	11,627	5.2
1976-77	570	14,030	4.1
1977-78	630	15,236	4.1
1978-79	686	17,848	3.8
1979-80	615	20,895*	2.9
1980-81	618(est)	23,335*	2.6

NZIER estimates

Government finds it harder to balance its income and expenditures, just like any other business. And if it were to attempt to increase its investment spending, the Budget Table 2 deficit before borrowing would be larger than the \$1260 million estimated for this year.

The Government has stated that its main concern is to maintain tight control over its expenditure. Departments have been told that there can be no new capital works programmes undertaken.

There is a confusion between rigorous control of Government expenditure and the precise use of deficit finance as a means of controlling economic activity.

Since inflation causes Government spending in committed areas such as public servant salaries, social welfare benefits and health care to increase automatically, the best way to keep the Budget Table 2 deficit from becoming too large is to cut back discretionary expenditure.

And the main area of discretionary expenditure is Government investment.

Since taking office, this Government has been determined to reduce its Budget deficit as much as possible. So despite large rises in automatic expenditures, discretionary expenditures have been cut sharply, in real terms. Work programme expenditure has fluctuated at around \$600 million in money values as the table shows. It peaked at \$666 million during election year 1978-79.

When taken as a proportion of gross domestic product (GDP), work programme expenditure has fallen from more than 5 per cent in 1975-76 to 2.6 per cent this year.

These figures seem to suggest that if the Government is attempting to influence economic activity, it is in a procyclical way rather than counter-cyclical. As economic activity has fallen, the major discretionary component of Government spending has fallen faster.

During election year the Government did attempt to generate new investment. But it seems likely that it was for different reasons than the desire to use counter-cyclical measures.

The Government could use counter-cyclical policy to offset falling private sector investment with very little discomfort to the economy. Government capital works programmes can be financed by borrowing overseas or through the Reserve Bank.

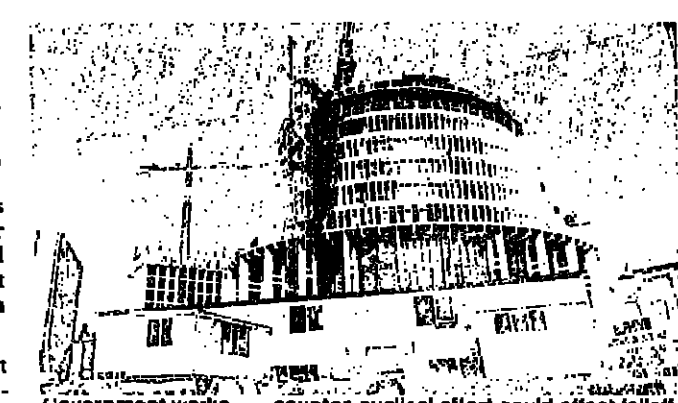
Two factors that mitigate against the use of counter-cyclical policies are that the method of financing them could add to inflation and the Government may find it difficult to disentangle itself from

Minister Bill Birch knows that the Government can play a major role in stimulating investment growth. But his attempts to generate enthusiasm over large, export-oriented, capital-intensive (rather than labour-intensive) projects owned by the private sector are not doing us much good now. These projects are not likely to be under way much before 1981.

And the economy will not reap the benefits of these investments until the end of this decade.

We cannot sit back and twiddle our thumbs until then.

Since 1975, investment in all forms has declined from 27 per cent of GDP to a forecast of less than 19 per cent in 1981. The Government can help generate investment by providing an atmosphere conducive to private-sector



Government works... counter-cyclical effort could offset falloff.

risk-taking.

But while you can lead a horse to water, you cannot make it drink. Until the private sector actually undertakes job creating investment, we face growing unemployment. It is time all the experts working for Government went to their drawing boards and designed a few

labour-intensive, short-term capital works projects to fill the gap.

Or at least presented us with the arguments as to why this is more difficult than working out the national benefit of large, ostentatious developments like aluminium smelters.

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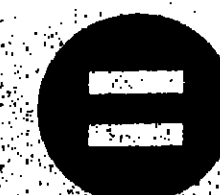
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Later this year the mission will proceed to substantive hearing on "public interest" aspects of proposed takeover.



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SALES	165	165	165	500
EXPENSES	53	53	53	2400
PROFIT	112	112	112	260

SWELLERUP, JOG	305	305	305	305
5-7, 51, 68	15	35	15	200

BW78

Data concealers put spoke in works of cycle dealers

Politically, the low level of

With Carter's post-convention poll boost, the Carter/Reagan race started out nearly even.

That leaves Anderson, still trying to get on enough state ballots and handicapped by having to establish local organisations. He was a close second to Reagan in the polls. He has finished his obligatory overseas trip and has es-

His next major act was to select a Vice-presidential running mate, an influential Democrat. This was a critical step in his coalition building involving much more than just

Though Anderson stars in his House of Representatives career as an ardent advocate of God, it is the two mainstream candidates who now introduce God as a major supporter of their particular ideology. The play may turn out to be fundamental to Reagan's attempt to undermine some of what

But as things stand, the dangerous game of prediction, the odds are against Reagan. The main obstacle to Reagan's Presidency is Jimmy Carter, but the tenacity of Reagan's credibility under which the surging script of the fourth estate.



- And Auckland wholesale

He said both manufacturers were stepping up production, but he is putting all his money into the new licence into ladies' cycles and light-weight racing models.

Healing director Eric Harden said: "The only way we can make these things is if they (the Cycle Traders Federation) tell us what they want."

Harden said Healing had scheduled production of the ladies 10-speed and the shortage would be taken care of in the next six weeks. The company was developing a lightweight racing cycle that would be on the market this spring.

He is enthusiastic because the new craze BMX-cycle that his company specialises in manufacturing will replace 20 per cent of the total cycle market within 12-18 months if it follows overseas trends.

[illegible]

That's why more people by far hire an Avis Rent a Car.

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If you think that sounds a little too good to be true, ask your Agency to dig out our two booklets "Using Time?" and "Newsweek and 10 Business Magazines Compared." The evidence for our case is all derived from current McNair Print Readership Surveys and will open your eyes to one of the most cost-efficient magazines

in New Zealand today.

Here's a sample comparison from the study, illustrating the way in which Newsweek can be included in a media schedule at no extra cost, with startling results:

TARGET AUDIENCE: Lawyers, Doctors, Accountants, Scientists etc. (Socio-economic level 1)		
POTENTIAL REACH: 105,000 MEDIA: MAGAZINES - FULL PAGE 4 COLOUR		
SCHEDULE 1	SCHEDULE 2	SCHEDULE 2 OVER SCHEDULE 1
Insertions	Insertions	
TIME 8 at \$1,451 = \$11,608	TIME 6 at \$1,451 = \$8,706	EXTRA COST = \$20
NEWSWEEK 0	NEWSWEEK 6 at \$487 = \$2,922	INSERTIONS = +4
TOTAL: 8 = \$11,608	TOTAL: 12 = \$11,628	REACH = +12,000 (11.2%)
REACH = 51,000 (48.5%)	REACH = 63,000 (59.7%)	GROSS IMPACTS = + 2,000
GROSS IMPACTS = 256,000	GROSS IMPACTS = 258,000	AVERAGE FREQUENCY = - 0.9
AVERAGE FREQUENCY = 5.0	AVERAGE FREQUENCY = 4.1	

Just one of 15 cases illustrated in the booklets where the addition of Newsweek to a schedule can extend reach considerably for no more, and often actually less money.

On cost efficiency alone, Newsweek warrants inclusion in your agency's media mix. If it's not there, ask why. Because if it's not there, chances are you're not getting your share.

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Clip this coupon for our free booklets "USING TIME? USE NEWSWEEK AS WELL FOR BIG GAINS IN TARGET AUDIENCE AT NO EXTRA COST" and "NEWSWEEK AND TEN BUSINESS MAGAZINES COMPARED".
Mr. J. Scall, Media House (NZ) Limited,
P.O. Box 37084, Parnell, Auckland, 1.

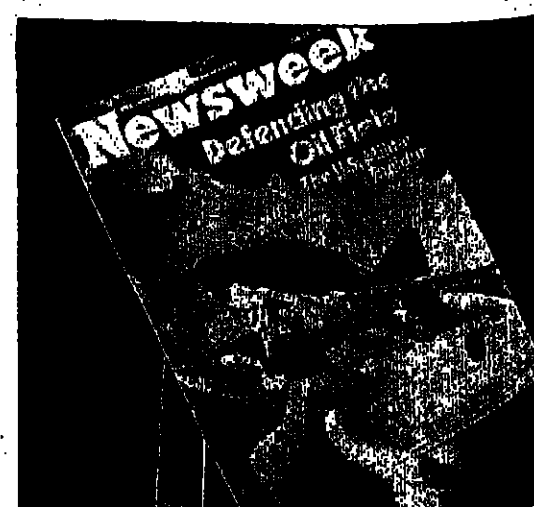
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.....

COMPANY



The political adman

IF YOU want a politician's view on advertising or an advertising man's view on politics, you can save a lot of time by talking to Tim Rathbone. Provided you can catch up with him.

Tim Rathbone, the director of the international advertising agency group Charles Barker ABH International was on one of those it's - Wednesday-it's



Tim Rathbone... sufficient information flow.

must-be-Wellington visits to New Zealand to open new office buildings of MacHarman ABH International in Parnell. He was later scheduled as guest speaker at the NPA advertising managers' conference in Wellington.

Rathbone, the Member of Parliament for Lewes, Sussex, and Margaret Thatcher's spokesman for the media, took time off while in the capital to visit parliamentary friends at the Beehive.

Admark managed to meet the urbane, articulate Rathbone when he was switched in to the advertising media.

We asked if he thought that governments communicated sufficiently to the electorate in explaining the complex prob-

lems of the day. Should they use paid space, for example?

"There is a sufficient flow of information," Rathbone said. "It comes from press reports, from the ability of the MPs to question, from public meetings and in Britain, at any rate, from party political and ministerial broadcasts."

He said that government advertising should be confined to telling people what to do - such as in health or recruitment advertising - or what not to do - such as in advertising on safety issues.

"There is a thin line between information and propaganda advertising," he said.

With his advertising hat on, Rathbone cast a wary eye at increasing government interference in advertising and marketing activities.

"Good advertising is critical to the marketing process," he said. "The marketing process is critical to the successful manufacture and sale of goods at home and abroad. And the sale of these goods is critical to the economic health of a country and better employment opportunities within it."

Advertising, in Rathbone's view, contributes, as nothing else contributes, to free and fair competition, freedom of choice and free speech.

"We must guard against putting these freedoms in jeopardy," Rathbone said, "by our own actions. Lack of consideration of the basic rules of advertising behaviour does business generally a disservice, but particularly the advertising business, our clients and ourselves."

Criticisms of advertising are nearly all sincere, he believes, and if the criticism is justified we must attend to it as has been done in Britain and New Zealand.

But government and unions should not have and must not have the right to interfere with the freedom of the press and broadcasters to comment on matters of public interest. Nor

should they have the right to interfere with commerce or industry's requirement to advertise goods, services, or ideas.

Rathbone pointed out that any set of political economic circumstances can be used as the grounds for an attack on advertising. At time of prosperity it can be accused of fostering materialism. In times of heavy unemployment it can be accused of fostering monopoly and driving out the small entrepreneur.

"In a very real sense advertising is a bright symbol of freedom, it is not by chance that it is essentially a method of urging which immediately indicates the existence of freedom of choice."

"If there is no liberty there is likely to be no advertising. And, if there is no advertising, there is likely to be little liberty."

Metric mileage

ALTHOUGH legislation requires metric measurements to be quoted when products are sold at retail level by weight or measure, there is no legislation that requires the use of metrics in relation to motor vehicle performance, say the television copy managers at Avalon and Auckland.

But after September 30, commercials carrying a reference to miles per gallon will be required, "in order to observe the spirit" (sic) of metric rules, to carry a reference to kilometres per litre.

Kilometres per litre? Well that's what the circular said. Not to worry. There's a correction coming up, they told us.

All the same, what form of mensuration is Parousing in the television commercial that advertises its 16 x 12 x 40 swimming pool?

First is first

"THE major finding of the Marketing Science Institute research is that position in a string of commercials critically affects recall."

On average, the first position "received the highest scores. Commercials in middle positions scored lowest. And those in the last position generally scored better than those in middle positions but not as high as first-position commercials."

BBDO Magazine, commenting on clutter in TV advertising.

EEC threat to advertising

THREATS to the freedom of advertising in the EEC have caused such concern that a body consisting of advertisers, agencies and the media, named the European Advertising Tripartite has been formed to meet the challenge.

Tim Rathbone, a British MP and director of the ABH International advertising agency reported this while on a flying visit to New Zealand recently.

An earlier attempt by consumerist influences in the EEC to impose a complicated, bureaucratic and costly system of legal controls on advertising in place of the simple, effective self-regulatory system had been repelled in Britain.

"Not all countries have self-regulation of advertising standards and the consumer groups attacked the lowest common denominator," Rathbone told Admark.

Admark

"All advertising must conform to the moves of the country and failure to do so exacts a penalty. But the attack now is not on advertising standards but on advertising itself," he said.

The European Commission's Second Consumer Action Programme has fore-shadowed a new series of threats to the freedom of advertising in the community.

Emerging from the programme has been a draft motion which, among other things, called for a directive to ban all advertising for tobacco and alcohol products and called for further restrictions on the advertising of medicines.

In Britain alone, these three categories together accounted for a total advertising expenditure of £180 million in 1979, representing 21 per cent of manufacturers' consumer ad-

vertising. The Tripartite has launched intensive lobbying action and important amendments have been drafted. Trade associations and chambers of commerce have been involved. The matter comes to debate in October or November.

"We must watch the bureaucrats and parliamentarians alike in the EEC to resist their interfering tendencies," Rathbone said.

"Mr Hughes, how long before you buy that Rotascan? You can get it on rent-to-own y'know."

Rotascan — the world's most intelligent filing system is now available on rent-to-own terms. Rates brochure available.

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MONTANA

Overseas trade

Tasman link needs hard sellers, not prima donnas

by Colin James

WHY should Australia bother developing a closer economic relationship with its poor cousin across the Tasman? That question is central to the development of a strategy by New Zealand in the coming negotiations.

Australia is already substantially richer. The Australian dollar is 25 per cent higher than New Zealand's. Australian wages are estimated by manufacturers there to be nearly double those of New Zealand.

And that is without the benefit of Australia's massive mineral and energy boom to come.

Australia is affluent, confident and showing signs of mature nationhood.

By and large, when Australians notice New Zealand at all (which is not much), they see it as poor, querulous, defensive and clinging to old traditions. Hardly a country to share your brave new world with.

It is a distorted and uninformed view, of course, by and large not shared by those closest to the trans-Tasman issue. But there is enough truth in it to sustain the argument that New Zealand has to learn that in most Australian eyes it will not be doing Australia a favour by

COLIN James recently spent three weeks in Australia looking at the trans-Tasman trading relationship from that end of the telescope.

That end of the telescope is the big end — from it, New Zealand, and the whole trans-Tasman trading relationship, look rather small and insignificant, as he relates in these articles. But there are prospects for New Zealand, provided it is prepared to make the running, as he will report next week.

graciously conceding a closer relationship.

The dominant view is that it is up to New Zealand to make the running in the negotiations — and if it is going to be obstructive or hesitant, then fair enough, leave it to its own devices.

The harshest view comes

from the Melbourne-domiciled Australian Industries Development Association, which is dominated by the big resource-based industries and takes a generally free trade line.

In a paper on the subject last November, AIDA acknowledged the potential benefits of rationalised industry in a larger domestic market and combined marketing of temperate agricultural products.

But it doubted that such rationalisation would be possible.

"It would be hard to imagine that the small New Zealand manufacturing sector which has been protected continuously by import licensing for over 30 years would be willing to compete equally with the larger Australian manufacturing sector," it said.

"This raises the question of a fair and equal union." (Two AIDA executives I met last month developed this point with brutal frankness.)

The paper went on: "Perhaps the strongest argument for Australia is that against becoming locked into a stagnant economy with a small and stable population when there is so much growth happening in the Asia Pacific region."

"A union only with New Zealand may hinder Australia's ability to join any future trading bloc in Asia or reduce our trade barriers for the benefit of our developing Asian neighbours."

This point was taken up by John Whitelaw of the National Farmers Federation at a

seminar on the topic in Canberra last month.

"Any increase in Australia's trade with New Zealand, which results from greater trade liberalisation, would at best be very modest."

"This necessarily stems from the fact that the New Zealand market is very small, it is a market with lower disposable income than Australia and it is a market which has already been substantially penetrated by Australian products."

"The developing countries in the Pacific area, particularly Asian," (the five-nation Association of South-east Asian Nations) "are seen as offering a much greater growth potential in the future and deserve the weight of our interest."

Not everybody is as harsh as that.

One highly placed civil servant told me that there was "some perception" in Australia that there were problems to be faced up to in New Zealand's narrowly based economy, but also "a perception of some impetus in New Zealand to deal with those problems."

"Intelligent Australian opinion sees everything to encourage in that," he added.

And the Confederation of Australian Industry (CAI), a sort of umbrella organisation, more sensitive to the opinion of traditional Australian manufacturing than AIDA, lines up in favour of a closer economic and trade relationship.

But it does not see great gains for Australia in it apart from ending the detailed haggling that has bogged down Nafta (the 1965 New Zealand Australia Free Trade Agreement).

If New Zealand wants to continue that sort of operation, the CAI would rather forget about it.

While rejecting the sugges-

tion that the CAI attitude was "take it or leave it", an official said that, nevertheless, "it probably expresses in an extreme way views that are widely held."

John Curtis, secretary of the Australia - New Zealand Businessmen's Council, hastily formed within the past two years under Government prodding, confirms that.

He described the current activity as a good opportunity rather than a last chance — but it that opportunity was not taken up, he said, the issue would be pushed into the background.

Not all Australian companies are indifferent to New Zealand. Many have subsidiaries or other commercial footholds in New Zealand and therefore have a vested interest in the outcome of the negotiations.

One example is Repco. Founder-chairman Sir Charles McGrath strongly argues the need for New Zealand to continue to protect its (and therefore his) industry.

But, before you take heart from that, consider Repco's position in Australia.

As a maker of car components it has been protected by Government rules on the level of Australian content that must be included in cars made there. As the government lowers that level, Repco comes under increasing threat.

Repco's response has been to shift part of its operation offshore — to Singapore, for example, where it has a wholly owned plant.

In other words, Repco is responding to a strong restructuring thrust within Australia.

It is that thrust — towards a tougher, leaner, competitive industry — that has made Australians increasingly tough negotiators in Nafta and increasingly irritated at the petty detail of Nafta haggling.

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Small Business Federation leaves big debts

by Allan Parker

THE affairs of the loftily-aimed New Zealand Business Federation (NBR June 2) have taken a sudden nose-dive.

In June we reported growing concern in Wellington business circles over the activities of the self-styled "collective voice of small business throughout New Zealand".

Now, the federation appears to have ceased activities. Bailiffs have evicted staff from the federation's office premises on The Terrace in Wellington and there is no response to telephone calls.

Summonses have been issued against the federation and a financial management consultancy operated by the two principals of the federation — Erik Holsheimer and Carl Van Rooyen.

A number of organisations

have money, running into thousands of dollars, owed by the federation.

Van Rooyen is believed to have moved to Auckland and Holsheimer is reported to be working on a Wellington building site, in The Terrace, just down the road from the federation's former premises.

NBR has spoken to four organisations which are owed money by either the federation or the financial management consultancy, A C Van Rooyen, Holsheimer and Associates. They include the Small Business Agency, which is owed some \$75 for publications sold "at cost" to the federation to assist its small business members.

The agency's Wellington manager, Russell Cockburn, said the federation, at least in its early stages, was "living way beyond its means".

"They came to us for advice on how to set the federation up. We gave them a lot of material and advised them on ways in which they should go about operating the federation," he said.

The agency, said Cockburn, pointed out that the federation was setting up in straight competition with the Chambers of Commerce Small Business Groups, the Productivity Centre and the SBA itself.

"We told them: 'That's the gamble you'll have to take'."

Cockburn said the federation adopted "very hard, high pressure" tactics to solicit new members through commission salespeople.

"That sort of activity was not necessary, we told them. If the support is there from small businesses it will come naturally, it does not need pressure."

He said SBA was concerned that it was not associated with any "bad water" created by the demise of the federation.

Another debtor is Wellington's *Evening Post*, published by Independent Newspapers Limited.

Throughout its apparently brief operating existence, the federation advertised extensively in the paper. A spokesman in the company's credit office said no payment had been received for those advertisements and "we're still trying to locate them".

He was reluctant to discuss the amount owing, but *NBR* understands from another source it is about \$1000.

A third debtor is a Wellington printer who preferred to remain anonymous. The New Zealand Business Federation owes the company \$1598 for printing stationery and the

federation's first newsletter, *Endeavour*. A C Van Rooyen, Holsheimer and Associates, the consultancy, also owes \$300 for printing the printer's account tables.

Summonses against both the federation and the consultancy were taken out by the company on August 11 in an effort to recover the debt. They were issued against a Willis Street address, part of a large Wellington City Corporation housing estate in upper Willis Street.

A fourth person we spoke to was solicitor James Young, a trustee of the property in The Terrace in which the federation set up business. The trustees called in a bailiff for non-payment of rent.

Young was reluctant to reveal how much money was involved but, from a separate source, we understand it amounts to three months' rent. In an inaugural meeting agenda, the federation listed rental at \$75 a week. That would make the owed rent \$900.

Young described the association with the federation as "a messy business". Some weeks ago, a notice

appeared in the *Evening Post*, Public Notices column. The notice disclaimed responsibility for any debts incurred in the name of the federation, the express approval of the trustees. His name: Carl Van Rooyen.

The gold rush to claim debts owed by the federation reached a somewhat absurd level recently, involving a demolishing, erection and demolishing of a fence on the Terrace property.

The fence, we were told, property trustee Young, erected to make way for a carpark on the section. The trustees insisted it be erected, work which was subsequently carried out.

But recently the fence disappeared, according to Young. He believes the contractors erected it reclaimed property.

In the meantime, men who paid their \$45 a week subscription have been left in the cold. One said he had been trying to contact the federation without success.

It appears there is a lengthy queue of people, organisations also wishing just that.

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Threading the historical yarn to Mosgiel's demise

by Allan Parker

"... I FEEL free to say that, in my opinion, 'Mosgiel' begins its second century with the right men in the right places. That alone augurs success."

Unfortunate words, particularly as they came from L.C. Nisbet, a former chairman of the board of that unhappy company.

His comments, made in 1974, were published as the foreword to a centennial history of the Otago mill written by newly-appointed *Listener* editor Peter Stewart.

Stewart's last sentence in his book, *Patterns on the Plain*, confidently predicts: "The milestones of the next century will be met and passed with the same spirit of enterprise and confidence that marked Mosgiel progress in its first 100 years."

What irony. It took 100 years to be able to make those proud statements. And only six for them to be proven disastrously wrong.

What went wrong? How could the company set forth for the 21st Century with a faith so misguided that it failed to see total collapse just around the corner? And why did it happen suddenly?

The Mosgiel debacle was not a sudden collapse, but the result of a long build-up. Other factors hastened to contribute to the demise. They were last straws rather than core problems.

The historical perspective puts light on why Mosgiel went under, why similar problems have plagued the industry generally and, why there still remains danger for the new giant, Alliance?

Many, including Alliance managing-director F. B. McKenzie, have been quick to criticise aspects of the Industries Development Commission report and recommendations to restructure and rationalise the industry.

But in effect the industry has been conducting its own rationalisation and restructuring programme over the last 20 years.

The post-war period has been a string of takeovers, mergers, buying, selling, closures and so on. These events have been largely unplanned, unco-ordinated, untimely and, in the long run, unavailing.

And there has been the continuous decline in domestic and international demand for woollen goods. So, while the industry has scrambled to salvage a potentially-disastrous market drop, it has merely compounded the problems.

Since the 1960s, the industry has woven a tangled skein of almost incestuous proportions.

The process began in earnest in 1960 when Timaru Worsted and Woollen Mills Ltd and Oamaru Worsted and Woollen Mills Ltd merged to form Alliance Textiles Ltd. Four years later, the Bruce Woollen Manufacturing Co Ltd mill at Milton was taken into the Alliance fold. All three mills were established in the late 1800s. In the years since 1964 the company acquired a wide variety of other companies scattered throughout the country — at Levin, another plant at Timaru, at Waitara, all the shares of Rembrandt Suits Ltd, Belman Productions Limited, Oxford Clothes Ltd and James Brown Limited.

Under the banner of ration-

alisation Alliance had built itself a hotch-potch empire of operations. In an attempt to create a vertical operation with a captive market for its in-house operations, it acquired an assortment of sites, plants, products and buildings. Some were antiquated, some up-to-date. All were scattered and all were subject to the falling demand for woollen goods.

Mosgiel fell into the same trap. For nearly 100 years it operated its mill just out of Dunedin. In the 1960s, Ross and Glendinning was taken over by the emergent UEB Industries. Included in the deal was Ross and Glendinning's mill at Roslyn, just down the road from Mosgiel. UEB took what it wanted for its carpet and yarn operations and merged the weaving and apparel factory at Roslyn with Mosgiel.

A separate mill, Napier Woollen Mills Ltd, disappeared. Lane Walker Rudkin, which operated the Alford Forest mill at Ashburton, decided to close down that operation and it was taken over by Mosgiel.

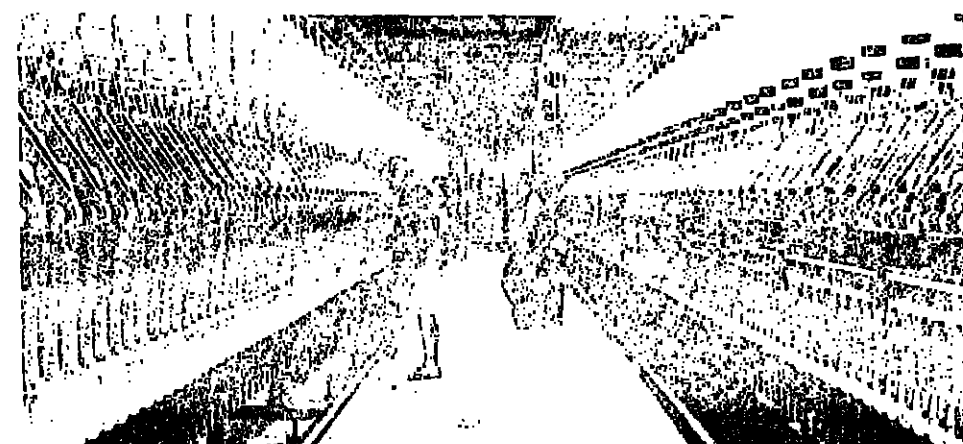
The Kaipoi Petone Group Textiles Ltd operation (a marriage of Kaipoi Woollen Manufacturing Co Ltd, and Wellington Woollen Manufacturing Co Ltd) was acquired by Mosgiel.

Like Alliance, Mosgiel suddenly found itself with a mixed bag of good, bad, old and modern.

Other companies active in the field have had their share of ups and downs in line with the Mosgiel and Alliance sagas.

Huleproof, owned by Dunlops in Australia, have scaled down their textile operations following an Australian decision to withdraw from the industry. Miller's the Christchurch retailer which operated two mills, closed both down when faced with the same problems besetting its competitors: falling market, re-equipment difficulties and finance for other areas of activity.

Individual units have responded in different ways to the domestic and international



Mosgiel... rescue operations by a combination of mergers and takeovers.

problems besetting the industry. Some have closed down, some have specialised, some have merged and some — notably Mosgiel and Alliance — have tried rescue operations by a combination of takeovers and mergers. In essence Mosgiel and Alliance faced a Catch-22.

With a falling consumer demand, the individual units — many of them with antiquated plant and machinery — did not have the volume of sales to justify modern equipment. Without new equipment, efficiency and profitability would continue to slide.

The answer appeared to lie in the acquisition of others to increase volume, reduce competition and rationalise equipment. Sound thinking, perhaps. But it was the nature of the acquisitions that created problems rather than solved them.

The acquisitions made by both Mosgiel and Alliance were piecemeal, and re-structuring has been undertaken in an atmosphere of decline.

The two groups were head-

ing along parallel paths and the question became: which would run off the rails first? It was not a question of "if", but "when".

In the event, the banks blew the whistle on Mosgiel. A \$1.5 million trading loss and continuing stock production created cash flow difficulties that brought in the financiers.

The woollen industry has traditionally had a bad return for investors. The 1969 Committee of Inquiry report noted: "Due to uncertainty and the general lack of support for the wool textile industry, mills have not been able to raise finance through normal channels as easily as have other industries."

This is particularly the situation with those companies that have specialised in wool and it is significant that those companies which have moved predominantly to other than traditional woollen milling activity have found more favour with investors."

And Alliance is left picking up the pieces at fire-sale prices and standing alone at the top of the pile.

But for how long? Many within the industry consider Alliance the weaker of the two and one source said: "Of the two, I was betting Alliance would go under first."

Another, close to the industry said Alliance has been saved only by its carpet yarn exports: the export incentives tax relief has propped up its domestic operations.

Alliance now has a virtual monopoly situation with the removal of its major rival. Surely it will become a stronger entity? But not necessarily. A company with even the entire market to itself will not be successful as of right if the consumer cannot afford to buy its products or prefer imitations.

The history of Alliance is identical to that of Mosgiel. The acquisition of some of the Mosgiel operations is merely compounding the problem, not solving it.

That rationale did not work very well for Mosgiel, did it? Ask the hundreds who lost their jobs.

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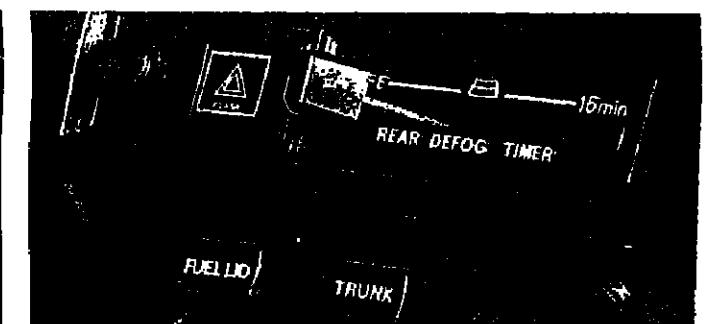
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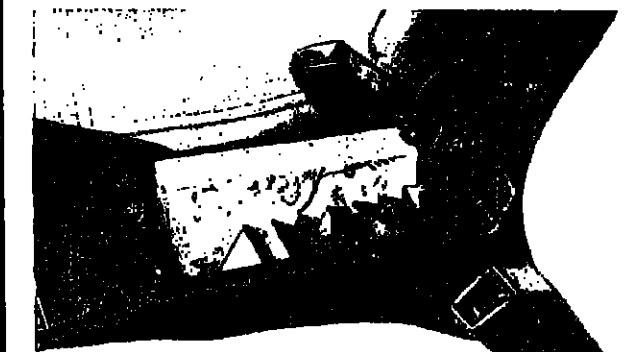
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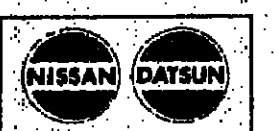
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Government administration

Nelson Harbour Bd wins battle for MOW help

by William Hobbs

THE Nelson Harbour Board has won its battle to have the Ministry of Works' special projects team prepare a 25-year comprehensive ports plan for the region.

The board attempted three months ago to commission the special projects team to carry out the work, but objections were raised by private enterprise civil engineers, and that led to a Cabinet level review of the 30-member Ministry of Works' section and its operations.

Despite opposition from members of the Government who are committed to private enterprise, the harbour board has never wavered in its determination to have the job carried out by the special projects team, and general manager Frank Baldwin has been in almost daily communication with

Works Minister Bill Young's office to press the board's case. Young has now written to the board agreeing to the formalisation of an agreement between it and the ministry for the work. He told the board there is no reason why the work should not begin as soon as possible.

But the letter to the board shows the Minister is conscious of the need to make the appropriate noises of deference to the private enterprise lobby. He emphasised that the special projects team involvement is only in the production of a conceptual ports plan for the Nelson region, leaving the way open for the later involvement of private enterprise in the execution of the works proposed.

Young said he understood a comprehensive plan could be produced by seconding two officers from the ministry's civil engineering division for about six months. But he said

they would have access to other resources in the department, particularly the town and country planning division.

He also said he hoped that, when the comprehensive plan was completed, it would result in the board having a work programme which would include major projects involving consulting engineers and the contracting industry.

But if Young sees his deci-

sion as an oblique way of giving some work to the private sector, the harbour board regards it as a victory for its perseverance and single-mindedness. It is also a victory from which it expects a rub-off in terms of gratitude from the special projects section.

Reporting to the board on the matter, Baldwin said he believed the special projects team was appreciative of the

way the board had stuck to its decision and persisted with its desire to commission the Ministry of Works to prepare the ports plan.

Baldwin said he believed this would make the special projects team feel obligated to do their very best for the board.

He has also noted an interesting side issue. After July 21 when NBR highlighted the problems the board was having

in getting the special projects team appointed, the Association of Consulting Engineers sent a list of members and a brochure outlining how to choose the consultant engineer best suited for your project.

He says the six-step method recommended by the association is just the way the Nelson Harbour Board came up with the Ministry of Works special projects team as its choice.

Customs clearance clean up speeds passenger flow

by Lindsey Dawson

PEOPLE greeting incoming travellers at the international arrivals hall at Auckland Airport have been puzzled that all but one of the expensive, self-opening exit doors have been closed off to disembarking passengers.

The reason is a new system of customs clearance designed to improve efficiency.

The system has been evolved to speed up passenger flow in the sometimes hopelessly congested baggage hall of the \$20 million airport.

A series of changes is being

introduced to ease the pain of arrival for jet-lagged passengers and improve the lot of Customs officers.

Passengers previously had to wait for their baggage to arrive and then wait in line for Customs clearance. The officers had to process each passenger, calculate a duty, give change and write receipts.

Often they would not have the right change, and would have to send passengers off to the bank for the money.

Officers carried change themselves. But "it didn't look good to see them stuffing money into their pockets," says Auckland Customs controller, Les Wyatt.

Customs declarations now get close scrutiny before passengers pick up their bags. At that point it is decided whether they have to pay duty. They can then go in a separate cash desk to pay.

An electronic cash register does the job formerly handled by the officers, calculating duty, recording and receipting the transaction.

Passengers then pick up their bags, and pass straight through that single exit door by showing proof of payment.

Agricultural clearance has been obtained, and Customs make random checks on 22 cases to discourage dishonesty. Officers search thoroughly if they suspect anyone of making a false declaration.

The system has been working in Christchurch since Christmas.

Auckland has introduced it gradually in the last few months.

It did not make it easy for passengers to smuggle, he said. "The Christchurch experience indicates that we are detecting more income because the system is more efficient."

"Customs has often got blame for passenger delays, but really it's the design of customs hall that's at fault."

"It's just not big enough. The only thing that helps is if the airline schedules their flights so they don't come in at once."

Customs is also working towards improving efficiency in cargo clearances. A computerised customs clearance system is scheduled to start in Wellington next January and soon after at the major ports.

Bob Jones in April 1980:

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Management

Increasing efficiency by winning race against clock

by Rae Mazengarb

TIME — or lack of it — is the major gripe of businessmen.

World-wide, the hassled executive complains there is not enough time to read, to think, to plan, or to spend with the family.

Dr Alec McKenzie — an American who makes his living out of time — points to the unsettling paradox that while no one ever has enough of it, everyone has all the time there is.

Presenting a seminar in "time management", he told Wellington businesspeople that time was the most abused, misused and misunderstood resource there was.

Looking at the problem in perspective, the problem wasn't time, but how we use it, he said.

He told the executives they wasted much more time than they realised — time which could better be used for work or for leisure.

The remedy was just a matter of identifying the timewasters — the barriers to productivity; looking to their causes, and implementing a series of key solutions.

The local executives identified as their 10 top timewasters:

- Lack of objectives, priorities, planning;
- Crisis management, shifting priorities;
- Personal disorganisation, cluttered desks;
- Ineffective delegation;
- Telephone interruptions;
- Attempting too much;
- Lack of self-discipline;
- Leaving tasks unfinished;
- Drop-in visitors;
- Procrastination.

Apart from a slight variation in order of rank, that list was remarkably similar to the problems identified world-wide through a wide range of occupations.

The major difference was the fifth ranking of the telephone. World-wide, it is accorded top place.

McKenzie advised the group that telephone interruptions might be responsible for more wasted time than they realised.

Those who had recently started monitoring the time spent on phone calls agreed the exercise had been enlightening.

McKenzie has explored the problem of time management with business people from 30 countries in the last 15 years.

He promises that people who attend his seminars and make a conscious effort to implement the solutions to their timewasters will gain two hours a day or its equivalent in increased productivity.

It's a guarantee that no one has yet seriously challenged, he said.

Basically, time management involves learning the relationship between the management process and the nature of time itself.

The day-long seminar could just as easily have been called a "management" seminar. As the day proceeded, McKenzie made it clear that this was really what he was talking about.

"Time management," he said, "is the planning, the organisation and the controlling of your utilisation of the very limited resource, time."

He became hooked on the problem in the mid-60s during a seminar on the management process attended by key chief executives of international organisations. They concluded



Alec McKenzie... relationship between the management process and the nature of time.

that none had time to implement any of the solutions they were talking about.

McKenzie and another at that seminar promptly launched themselves into a book on time management in order to find some solutions.

"I soon realised it was a subject which was going to arrest my attention for some time... I found it totally absorbing," he said.

The literature which McKenzie found on the subject — and there was not much — suggested there were some basic solutions.

At the time he was running seminars all over the world, and talking to managers wherever he went — found their problems were all the same.

"But effective managers were doing similar things about them... planning their day, their week. They were prioritising. By carefully allocating resources only to the highest priorities, they were controlling interruptions, they had effective secretaries, they weren't wasting time in meetings, they had agendas, they knew what they were going to do."

One company had already arranged for McKenzie — on his return in November — to run an in-company seminar for all staff.

"The results will be 10 times what they would be if they attended individually open seminars with others at different times," McKenzie said.

McKenzie's seminars are telescoped courses, jammed with tips on how to run meet-

ings more efficiently in half the time, how to tell the perfectionist "I can no longer afford the luxury..." how to get rid of the unwanted visitor and telephone caller, politely.

He claims that is all the time required to give participants the ammunition, the tools and techniques.

Each receives a copy of his 172-page book *The Time Trap* and the 140-page manual full of back-up material.

But he insists it is better for the executive to have his team — or secretary — pick his/her timewasters, and then go to work on them.

What about the person who will not respond?

McKenzie admits some people are not receptive. One person sat right through one seminar with his back to the front of the room, reading the *Wall Street Journal*. But he had been sent by his boss.

"Some people think they are excellent time managers. Some come thinking they don't need it, but maybe they will get one idea," McKenzie said.

Generally, they were astounded when they began to look at the problem the way he and his associates looked at it.

"We look at it as a review of the whole management process," he said.

"We don't just pick little times here and there; we say, 'What is the manager's job?' and then we say, 'What do we learn from time logs and films and from our own experience?'"

Management, he emphasised, means achieving predetermined results with others.

The outstandingly successful manager of the 1980s, McKenzie said, would be the one who set objectives, sorted out priorities, and knew the operational functions of his business and the resources available.

Because management in New Zealand was young by world standards, it didn't have so many bad habits to wipe out, he said.

But there was the basic

problem of the entrepreneur, the business-man who hated to delegate.

"If we don't delegate we are not managers," McKenzie warned, "we are doers."

The danger of the true entrepreneur — the person who continued to make all the decisions — was that the forces which initially made him successful, will ultimately destroy the organisation.

Look what happened to Henry Ford, McKenzie said — he was kicked out of the running of the company by his own board because they could see the beginning of the end. All because Ford insisted he did not mind what colour the cars

were painted, as long as they were black.

Entrepreneurs had problems, mainly because of inefficient delegation, the open-door policy, the drop-in visitor syndrome, McKenzie said.

As a business grew, it must revert to professional management — planning, organising, efficient staff, delegation and communication — to survive.

McKenzie left the group with this thought: "Without objectives you don't know what to do. Without priorities, you can't know what to do first. Without deadlines, you can't know when to do them. Without progress reports, you can't know how you're doing."

TIMEWASTER ANALYSIS:

Lack of objectives, priorities, planning.

SOLUTIONS

Recognise the problem. Develop systems (plan sheet, daily objectives, priorities and deadlines).

Take time to plan. Recognise that although planning initially takes time, in the end it saves three or four times as much and gets better results.

Recognise that most crises are predictable. Plan ahead for contingencies.

Discipline yourself. Impose deadlines. Try objectives, priorities and daily plan for one month. Enlist aid of secretary or assistant.

Monitor progress and evaluate results. Recognise most problems result from action without thought. Take time to think it through — then act.

Recognise that while objectives mean commitment, they also mean knowing when you have succeeded.

Assign priorities to tasks. Determine where efforts should be concentrated. Identify long-range importance, short-range urgency, growth trend. List objectives and rank according to these criteria. Recognise that while emergencies may disrupt a day, the damage can be minimised if the day is planned and most vital tasks completed before the emergency.

TIMEWASTER ANALYSIS:

Telephone interruptions.

SOLUTIONS

Learn techniques for terminating conversation. Present a time limit ("Yes, Tom, I can talk for a few minutes.")

Foreshadow ending ("Tom, before you hang up...") Be candid ("Sorry Tom, I've got to go now.")

Train secretary and develop a plan together. Get secretary to interrupt with reminder of urgent item demanding attention. Time yourself for one day using three-minute egg-timer in front of the phone. Recognise how much a longer call can take than is necessary.

If screening is ineffective, discuss with associates how to avoid surprise and offence. Get confidence and support of secretary.

If no secretary, do feasibility study to demonstrate need even of part-time assistant. If not possible, develop techniques to have messages taken at certain times. Use a hideaway, cut-off switch.

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Search for missing licence information sparked

A PARTLY completed licence application form for \$2000 of plastic was arrived in August 1978 in Trade and Industry on the desk of assistant advisory officer Rosanne Harland.

Her search for the missing details sparked an 18-month investigation resulting in the trials of the department's former assistant director, Brian Pound, and three importers in the Wellington High Court.

Harland was seeking missing details on the licensing history of Cathay Trading Ltd, which Customs officials had omitted to put in the appropriate box on the form for the previous year, 1977-78. The details were neither to be found on Cathay's file nor in the department's budgetary section.

Subsequent comparisons of Cathay's file held by Trade and Industry (which approves import licences) with that of the Wellington collector of Customs (who issues licences) revealed a wide discrepancy.

Sixty-seven licences for \$133,155 were not recorded by Trade and Industry. All had been authorised by Brian Pound after his authority to do so had been terminated.

Investigation of other firms with whom Pound was known to have had dealings revealed irregularities in relation to James Schindel, a director of the James Grant Import Company Ltd, and William Kay Hing, principal of Wong Kay Hing Ltd.

The Crown contended Schindel had been given by Pound 17 licences, worth \$31,950, to which he was not entitled. It said Schindel had paid for Pound to travel to China by way of Hong Kong and Manila.

In the final trial, the Crown claimed Pound had given his friend of 25 years, Bill Hing, favourable treatment allowing him to order goods as he wanted overseas in the knowledge that Pound would ensure he had sufficient licences to cover their import.

In return, the Crown suggested, Hing had arranged two return trips to the Melbourne Cup in 1975 and 1976, though evidence was produced to show that Pound later paid for both.

In all three cases, the Crown maintained that, taken in their entirety, Pound's actions amounted to an abuse of his powers for which he was receiving a financial reward and the relationship with each importer amounted to a conspiracy to defraud the public.

Defence counsel for Pound and for the importers maintained that each decision taken by Pound could be defended on its merits if a liberal interpretation of Government policies was followed, as other officers in the Department of Trade and Industry indicated it was.

And because individual importers have no knowledge of the detailed instructions to licensing officers contained in the "item policy code", there could not be a conspiracy to defraud.

The juries failed to agree in all three cases on which interpretation was correct.

For Pound, his counsel contended he was an experienced

licensing officer, first with Customs and in the last few years of his career from 1973, with Trade and Industry. Pound's only fault was to carry with him, from one department to the other, his working practices. These were frowned upon by his superior in Trade and Industry who worked strictly by the book, the counsel said.

And apart from cordial relations with Wong, and Hing in particular — resulting in free lunches, the celebration of Christmas and birthday parties together — there was nothing conclusive to show that Pound gained any financial benefit

LAST month, the three "secret" trials of a former Trade and Industry official and three businessmen concluded in Wellington High Court. Newspapers were barred from providing day-by-day coverage. And space constraints resulted in them providing only a basic coverage — after the suppression orders were lifted — of proceedings which provided some 800 pages of evidence for court transcribers. Because of the importance of some of the issues raised, NBR has sifted through that evidence to provide this report.

"It was he, who arranged a time for himself and myself to meet members of the department. When I arrived in Wellington with the agent, the meeting was with Mr Hall (a former licensing officer, now a supervising Customs officer in

counsel, Schindel said it was his customs agent, not he, who had singled out Pound as the appropriate officer to contact.

CROWN COUNSEL: Why did you continue to deal with Pound?
SCHINDEL: He knew the

receptionist they would rather see the manager.

Counsel pointed out to Schindel that the position seemed to have changed dramatically in 1975-76.

CROWN COUNSEL: It was in that year Pound began to take an active part in the granting of special licences to your company?

SCHINDEL: As far as I knew from 1973 onwards Pound would have some part.

In the 1975-76 licensing year, the Crown claimed Pound had favoured Schindel's com-

plaints to be dealt with in relation to domestic manufacture; there is evidence of local manufacture.

Asked about eight rejected applications made early in the 1976-77 licensing year, Schindel agreed that they were all special category where he had to be shown.

CROWN COUNSEL: Are your applications turned down did you create Pound to talk about the situation?

Probably him or someone else would probably indicate our appeals. You marked that application and all these appeals the attention of Pound. Could have.

What did you tell Pound about all these applications to demonstrate the need for these goods? I would think type of goods need to maintain overseas relationship with New Zealand, effect of loss on the business, as far as licences that is all that we had were special.

It was pointed out to Schindel that the applications represented any more than 1 per cent of his importing business, though as other articles (May 1979) have noted, probably a more profitable per cent.

After retiring from department in August 1978, director special duties, he set up his own importing, consultancy, Sterling Associates.

Schindel told the court he had paid for Pound to accompany him to China November 1977, in the expectation of employing Pound as a consultant after he retired.

"Pound should have an understanding of the country will be dealing with... he's Wellington and knowing conditions in China... products we handle, they we deal with would be to advantage (to Pound)" Schindel said.

"To increase trade in China, acting as a consultant could assist me in applying for import licences. Not only I had discussions with officers Trade and Industry, but I with Cabinet Ministers.

"He knew these ministers a better basis than I. Should be favourable trade interests made to China, Pound would be on the spot, know the people and could assist," he said.

The case against Wong served to show up the laxity in the import licensing system before it was thoroughly reformed in 1977 and 1978.

Between January and March 1978, Pound issued 182 licences.

Not all were alleged to have been issued in excess of Pound's authority and in some cases was shown that Wong had been granted less licence than he might have been entitled to. Other licensing officers testified that they would have followed many of Pound's decisions. Evidence was also shown to show that Pound was not to be reissued or where only exceptional cases would be considered.

Schindel was applying for goods in categories in which only existing basic licences were to be reissued or where only exceptional cases would be considered.

The confidential policy against the codes Schindel wanted licences for had instructions such as: no provision for expansion; all provisions

inquiry that resulted in "secret" conspiracy trials

pointless as an importer would find it almost impossible to land goods by the licence expiry date of June 30.

The Crown contended, though it did not produce other evidence to back its claims, that the pattern of approvals must have meant that Wong was ordering goods in full confidence that Pound would grant the applications later.

The Crown also questioned several handwritten memos from Pound instructing Customs officers in Wellington to extend Wong's licences to enable goods to be landed for the past licensing year — one into November, five months after the year end.

All the goods in question were imported from Red China or Hong Kong at a time when the Government was encouraging trading links with the People's Republic, though overall trying to maintain a tight import policy.

Witnesses gave evidence of Pound, and other officers, frequently having free meals at a restaurant Wong owned and of Pound's frequent visits to Cathay Trading's premises.

On one occasion, evidence was given that Pound had insisted on a junior department officer choosing two ceramic vases as a gift when Wong was not present.

In his defence, Allen Wong told the court he had come to Wellington from Auckland in the early 1970s to take over his uncle's business which had become run down. Pound was a friend of his uncle, he said.

Wong set about rebuilding the business, which the court was told was at one time one of the largest importers of Chinese goods in the country.

But the licences held by the original company, Harry Wong and Co Ltd, had reduced when the name changed to Cathay Trading Co Ltd in 1974.

Wong negotiated first with Trade and Industry officials and later with their then Minister, Warren Freer, to get basic licence allocation increased. Freer introduced Wong to Pound, a meeting at which the defence indicated Pound had taken the inference that Wong was to be helped.

Evidence was also called to

show that there was a rapid rise in the demand for Chinese foodstuffs in the middle 1970s, both from the public and a growing number of Chinese restaurants which trebled between 1973 and 1978.

Wong also stated he was not aware that Pound had been moved to another position in 1977 and was no longer authorised to grant import licences.

Evidence was called to demonstrate there was confusion both within the Customs Department and Trade and Industry as to what powers Pound did have.

In his defence Pound claimed that he still held a residual power as a licensing officer from his days as a Customs officer, although his powers as a Trade and Industry officer had been rescinded.

Customs officers up to Pound's retirement in August 1978, said they understood Pound to be an executive officer or senior advisory officer in import licensing.

Trade and Industry executive officer Peter Garford, giving evidence for Pound, said there were other companies that had received "in my opinion, very liberal treatment when compared with other importers in the same field".

Garford said Marlowe Agencies, for instance, had an increase in non-basic special licences from \$20,000 to \$100,000-plus in three years.

The Meates group of companies had also had an \$80,000 to \$90,000 increase in licences over a similar period and McSkimmings had been granted licences for up to \$400,000 for Filipino toilet pans to counter a shortfall in domestic production, he said.

But Crown witnesses maintained that Wong's licensing growth was extraordinary and mainly contrary to Government policy at the time.

Hing said, in his evidence in chief, that he had ordered goods in anticipation of getting licences granted. The Crown claimed Pound had used his

authority to grant Hing the licences necessary to cover the goods, either on the water or on the wharf, by issuing new licences or approving transfers from other licences.

The Crown pointed out that unlike Wong, Hing had not been warned by Customs for importing goods without a licence.

In several instances, it was demonstrated that transfers one year were accepted by Pound as qualifying history the following year, while the main licence was restored to its full value, effectively increasing Hing's total licences.

Asked by counsel for the defence why he would order goods when he had not already got the necessary licence, Hing said: "We held back 1975-76 licences and together with the history of our

transfers, we felt very confident that transfers would be approved once more."

But Hing denied that either Pound or Hall had given explicit assurances to that effect.

Hing agreed with counsel that it was usual to get an indication from the department as to the areas licences could successfully be applied for.

CROWN COUNSEL: That of course is why you do not waste your time putting in applications in areas you have already been given an indication you would not get them.

HING: Yes. Questioned about the development of his firm's licensing history Hing was asked: "And it's worked to your benefit the following year hasn't it?" Yes.

You are not going to say you did not know that was going on? Yes.

Didn't know anything about it? No.

You are an old friend of Mr Pound dealing with each and every one of these applications and yet you do not know that he has benefited you in that way, that is what you are saying? Yes I am.

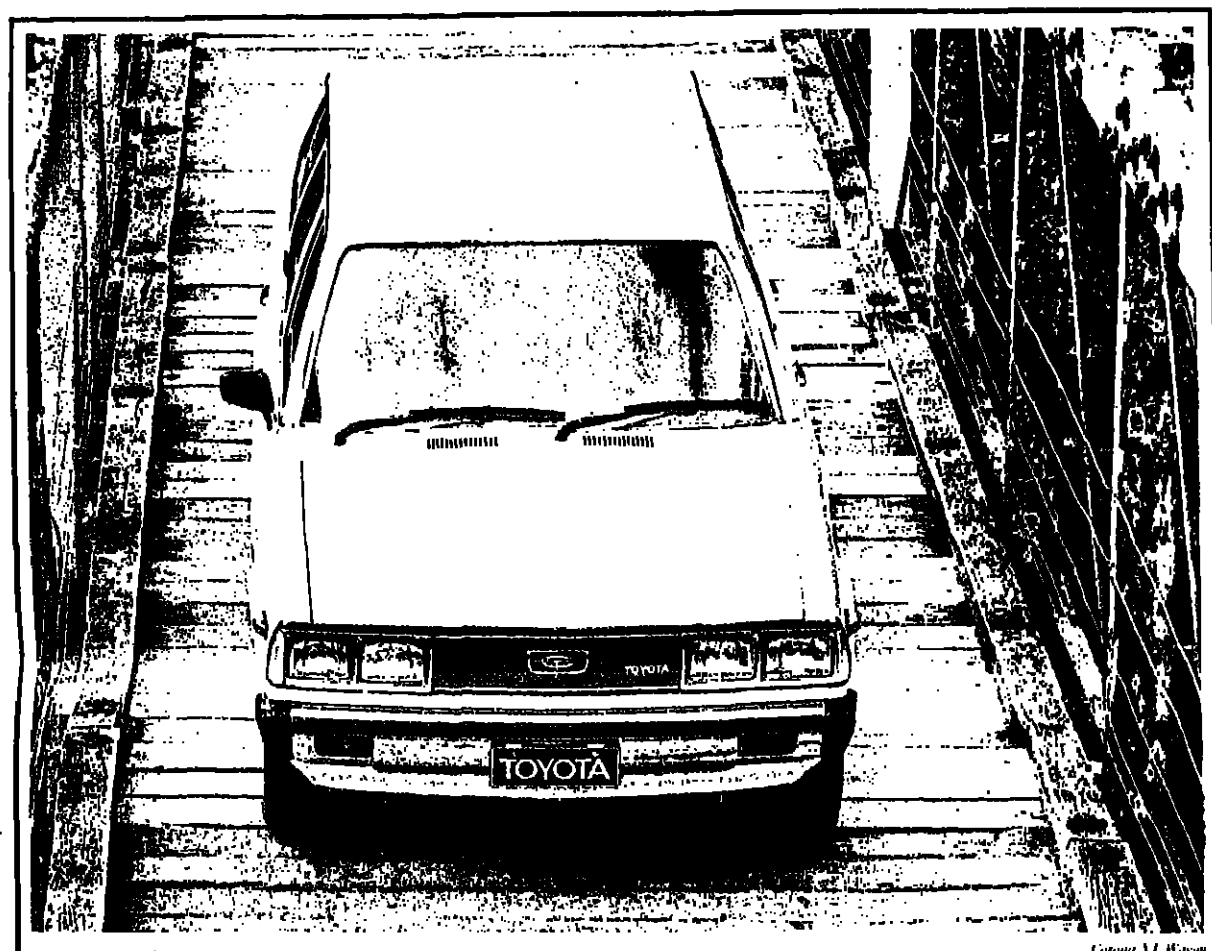
Evidence was shown that batches of Hing's applications were dealt with by Pound before and after he went to the Melbourne Cup in 1975 and 1976. Both trips were arranged by Hing, but evidence was produced to show that Pound had paid for both later.

Hing also admitted that he had received licences for which he had no immediate purpose, other than for them to be used to transfer into other item codes where he either lacked a licensing history or when he was running short of licence.

The Crown was also relying on the sharp drop in Hing's special licence approvals in the 1977-78 year as further evidence of Pound's complicity.

Pound had also dealt exclusively with Hing's and Wong's applications in the years in question, with only the odd exception.

The juries, however, were not satisfied that the criteria set by Mr Justice Quilliam necessary to establish that both parties in each case had knowingly defrauded the public had been fulfilled.



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from his decision-making. Pound handled most of the licence applications for all three importers for a certain period, a standard Trade and Industry practice followed by other officers before 1977.

The importers, by their own admissions, were merely seeking to obtain as many import licences as they could justify, to maximise their business activities.

Schindel told the court that he had come to know the name of Brian Pound through his customs agent.

"During 1972, I made many applications for import licences which were declined. I had discussed import licensing with my customs agent. He advised me to go to Wellington to discuss the matters with Trade and Industry," Schindel said.

Wellington) and Pound.

"I told Hall and Pound my business operation. I had brought three or four bags of papers and catalogues, all commodities that we were handling from China. I discussed my business operation with Pound and Hall. They did take an interest in it.

"Of course my customs agent had verified that I was an importer with a stack of previous import entries.

"When I subsequently applied for import licences, some of those I endorsed 'for the attention of Pound'. My customs agent advised me to do so."

Pound and Hall were the only men with whom he discussed his business, Schindel said. "They were the ones that knew the background."

background of my trading.

You were dealing with other officers in the department?

I dealt with many officers.

They also would have known the background of your business because of their involvement in other applications?

Not to the same extent.

Why did you single out Pound when you were applying for non-basic special licences?

Pound knew the background better than anybody else, also I felt that the higher up the ladder one can go the better it is to put your case forward. I think it's normal practice for anybody in business instead of seeing the

pany by over-riding the recommendations of junior officers 11 times directly authorising licences worth \$31,950.

The Crown contended that all the authorisations were outside the Government policies of tighter import control applying at the time, a policy Pound would have been fully conversant with as he was responsible for drafting the confidential policy guide for use by licensing officers.

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Health

Broken promisespurs Southerners to vie for scanner

THE Government's decision to break a promise, give Christchurch a body-scanner before Dunedin, and move the South Island neurosurgical unit from Dunedin to Christchurch, was the thin edge of the wedge for Scottish perichialism.

The region set to, first without Government support but later with official blessing, to raise \$1 million to buy its own scanner.

With almost \$400,000 banked and the main appeal in

the Otago-Southland-based fund-raising effort to begin, success seems assured.

And it seems certain that Dunedin will not only have a scanner installed and working at the same time as Christchurch, but it will effectively over-turn the decision to move the neurosurgical base.

The installation of scanners is regarded internationally as crucial to modern neurosurgical units.

Dunedin has two neurosurgeons. With one retiring at the

end of the year and a Government-bought scanner on the horizon, the medical school advertised the position internationally a few months ago.

Several replies were received — but, then the Government intervened. The applicants were advised of the changed conditions and no appointment was made.

Meanwhile, Christchurch, with the prized Government decision under its belt, advertised its two new positions in neurosurgery internationally

on two occasions.

When it received no replies to its advertisements, Christchurch tried to attract Dunedin neurosurgeon Dr S N Bishara to its yet-to-be-established unit.

Dr Bishara delayed his decision. It is understood he will remain in Dunedin.

Dunedin has several advantages — a unit already in operation, experienced neurosurgical operating-theatre staff, and the back-up facilities of a library and medical school.

Despite the Government

decision to base only one neurosurgeon in Dunedin and move the main unit to Christchurch, the end result is likely to be quite different.

The Government can enforce its decision only to the extent of limiting the Otago Hospital Board to one neurosurgical appointment. But one of the two existing positions is a medical school appointment, over which the Government has no control.

Thus a second Dunedin appointment will be possible

when Professor R G Robinson retires at the end of the year.

And while Christchurch tries to attract a neurosurgeon to establish the unit, the Government, on paper, has moved there. Dunedin will carry on as before, strengthened by the addition of a body-scanner bought by the people of Otago and Southland.

Tenders have been accepted for a scanner at Christchurch and Wellington, but there is little likelihood that Christchurch will have its equipment installed and working before Dunedin.

Ohio Nuclear and Green Electric is vying for the Dunedin scanner contract, and discounts being offered in the light of the public appeal. A decision will boil down to a best offer.

The Scanner Appeal Committee is working to ensure to get the scanner installed and working by next March.

The Wellington head scanner, both General Electric technology, will arrive in mid-December.

They will not be installed the same time, and the first will be installed and working, assuming no hold-ups, over Christmas holiday period.

The second will be functioning by mid-March. A decision has been made as to which scanner will be installed first.

Cook Islands hotel for sale

THE last major asset of the merston North-based Discovery Inns Ltd, the Trailways Hotel in Rarotonga, Cook Islands, is up for sale.

Discovery Inns went into liquidation last August. The company owns Trailways Hotels in Rarotonga Ltd (in liquidation), which in turn owns the Trailways Hotel.

The Trailways Hotel, briefly known as the Reef Hotel, is now operated by Discovery's liquidator, who is trying to sell it.

Financial Enterprises Ltd, Wellington, holds a first mortgage on the hotel worth \$450,000. Managing director Michael Jensen said the company had been owed its money for some two years.

He will advertise the hotel for sale in New Zealand, Hong Kong and Australia. If it doesn't sell he will push for a mortgage sale.

Discovery Inns has substantial borrowings from Johnston North investors. Creditors and debenture holders are anxiously waiting to see if the hotel fetches enough to pay the mortgage and leave a surplus for other creditors.

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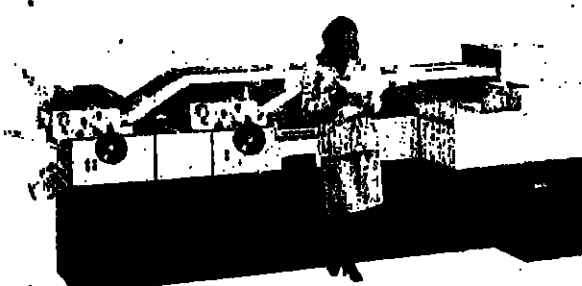
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Transport

Export coal "subsidy" slips by unappreciated

by Bob Stott

GENERAL acceptance of Foster Products chief executive Doug Walker's figures of \$30 a tonne for railfreight Buller export coal to Lyttelton reinforces the notion that — as a nation — we don't know what we expect our transport system to do.

Challenged by Railways, Walker admitted publicly that the figure was wrong and that he had been misinformed. But the correction will be remembered by fewer than those who recall the initial \$30 a tonne rate.

The many people with access to the standard NZR tariff rate book didn't bother to check the figure. If they had, they would have found that the published rate was below \$30 a tonne, and the contract rate must be a good deal lower than that.

Many of those who jumped up and down about the \$30 rate will devoutly believe NZR should make a profit and that free market forces should prevail — so why the fuss? The exporters would hardly accept a high rate if alternative transport was cheaper, so why shouldn't the NZR quote high, then reduce the quote till it was accepted?

Isn't this what business is all about — to get what you can at the best possible price? After all, the NZR has a virtual monopoly on heavy-haul transport overland from Westland to Canterbury; road can hardly compete for big volumes of traffic because the trucks go over, not through, the Southern Alps.

A Government sold on free enterprise would allow NZR to charge exorbitant rates wherever the railway had a natural advantage, and use a portion of the profits to confound road transport operators where they could compete (shorter hauls, easier terrain and so on). If a road carrier got too big, then NZR should undercut and cart below cost until he squealed for mercy.

But that would require more freedom than the NZR enjoys. Treasury would have to keep out of fixing contract rates (all such rates are now fixed in agreement with a Treasury formula which provides that contract rates must cover not only all costs but also a profit margin).

Of course, the Government should make clear that its railways would not accept consignments which were anything less than profitable — so out with the breakables, the awkward-to-stow and commodities which can't stand a high tariff.

In the end, it might get rid of the interest burden which comprises a third of the NZR annual deficit (interest the NZR pays on money it was loaned to keep going through the rates freeze of a few years back) and then price commuters off the rail. And NZR would be back in the black.

The same could be done with Air New Zealand, first by reducing the aircraft fleet. Fleet size is geared now to peak times, so if we sold some planes the peak would automatically be reduced to something closer to the off-peak levels of patronage.

People who must travel in peak times (businessmen coming to Wellington for the day) could be charged a premium fare. They would have no alternative but air transport.

And just think how you could hike up rates on overnight transit of small lots over longer distances such as Auckland-Christchurch. People needing important documents, machinery spare parts and so on would pay twice as much as they do now and still find air transport the only way to send things.

So all out for user pays, and down with such institutionalised dotness as half-fares for children. A child's behind takes a whole seat as does an adult's.



Doug Walker... costing makes impact

behind, and a child consumes just as much fruit juice and lollies.

Transport services would be justified only on commercial grounds, and withdrawn where they weren't warranted (on routes where the profits failed

to meet a reasonable return on investment, for example).

Cross-subsidisation in all forms of transport and in the field of provision of transport facilities, would be withdrawn. There are many rural roads which cost more to maintain than is "earned" from them through motor vehicle taxation. Ratepayers in rural areas could make up any shortfall.

Well-trafficked urban roads, which "earn" millions a year in petrol taxes and other revenue, would become sources of revenue in their own right and not things for propping up country roads.

Then the Government back-benchers who are keen on user pays, a profitable transport system, open competition and all the rest of it, would have attained Cabinet ranking and the minister who initiated these reforms could settle back and

await a well-deserved knighthood.

It may concern some that transport users generally are productive souls — they make goods or churn out produce or flit about the country on business. And largely unaided they will be responsible for providing the profitability for the reformed transport system.

Under the present situation, the NZR loss is recovered not from producer/users alone, but from all taxpayers.

But if users can't afford realistic — or profitable — transport rates, too bad. If their enterprises are considered vital to the nation's well-being, then let the Government step in with more subsidies (sorry — assistance) for farmers, and for others, regional development grants, export incentives and all the rest. In that way taxpayers as a whole will be able to help

producers to meet the new cost of transport.

One advantage might not be immediately apparent. This would create a host of new jobs in the civil service, required for all the filling in of forms dealing with requests for subsidies for producers, all paid for out of the taxpayer's pocket, so there'd be a reduction in the number of unemployed.

Coal at \$30 a tonne from the West Coast? They should charge \$50 if they could get away with it, so that the long-suffering taxpayer/shareholder in NZR has a chance of getting a return on the money he has been forced to invest in the railways. But any savings generated by these reforms would have to be given to the coal exporter in the form of a transport subsidy to allow him to compete with the Australians on the coal export market.

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